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Weekend

FINANCIAL TIMES

Weekend FT
'Freedom fighter'
turns relic



Car's coat of
many colours



Terracotta army:
seeing is believing



SECTION II

World Business Newspaper

WEEKEND FEBRUARY 17/FEBRUARY 18 1996

Brussels questions German bank loans for shipbuilder

The European Commission has questioned the use of Germany's biggest shipbuilder, Bremer Vulkan, of government-backed bank loans. Shares in Bremer Vulkan were suspended from trading shortly before the Commission's announcement. The company's management said it would make a special announcement next week, and shares fell 70 pence to DM28.80 (\$19.50). Page 22

Arrests follow IRA bombing: British police arrested several people in their search for Irish Republican Army bombers responsible for last Friday's blast in east London, which killed two people. Police offered a £1m (£1.5m) reward for information on the bombers. Page 4

US industrial production drops: US industrial production last month registered its largest fall since the 1990-91 recession, partly due to severe winter weather, the Federal Reserve said. Economists said the figures were weak enough to justify another quarter-point cut in short-term interest rates next month. Page 22

Russian deputy targets inflation: Russia's new first deputy prime minister Vladimir Kadamir said lower inflation and resisting pressure to print money were priorities ahead of forthcoming presidential elections. Page 2

London stocks hit by Wall Street falls:

The FT-SE 100 index fell sharply triggering official curbs on programme trading, and adding to a volatile day on financial markets. The Dow Jones Industrial Average dropped more than 60 points in the first hour of trading, before recovering to be 35.59 points lower by 1.30pm New York time. In London, the FT-SE 100 index jumped in early trading to reach an all-time intra-day high of 3,791.6 before falling back to close 2.9 points lower at 3,770.9. Over the week the FT-SE 100 index rose 54.6 points. Wall Street nervous in the bull run. Page 9; World stocks, Page 17; London stocks, Page 19; Markets, Weekend Page 22

Azeri oil deal signed: An agreement to ship 5m tonnes of Azeri oil a year through the Russian pipeline system was signed by officials from Transneft, the Russian oil pipeline monopoly, and the company representing a foreign consortium planning to spend \$5bn developing offshore fields in the Caspian Sea. Page 2

UK plan to break aviation deadlock: A proposal to allow foreign airlines to own up to 49 per cent of UK carriers, aimed at breaking the deadlock in UK-US aviation relations, will be introduced by US Senate transport committee chairman, Senator Larry Pressler. Page 3

6 American boost for Telefonica: Expansion in Latin America helped to lift net income at Spanish telecoms group, Telefonica, to Pta138bn (\$1.1bn) last year. Page 6

Hong Kong emigration to rise: The flow of emigrants from Hong Kong is set to rise this year to between 90,000 and 100,000, compared with about 60,000 in 1995 and 55,000 in 1994, as the date for the return to Chinese sovereignty nears. Page 3

Volvo, the Swedish vehicle manufacturer, is cutting its truck production capacity in Europe by almost 20 per cent because of weakening demand in a move likely to affect 1,000 jobs in Belgium, Scotland and Sweden. Page 5

Win in Bangladesh elections: Bangladeshi prime minister Khaleda Zia swept to an unchallenged victory in an election tainted by widespread violence and reported election fraud. Page 3

Building demolition kills 14: Fourteen people were killed and 10 injured when demolition workers brought down a central Beirut building with a family of squatters still inside.

Rand slumps to all-time low: The South African rand hit an all-time low against the US dollar as speculators bailed out, fearing an easing of foreign exchange controls which could trigger a flight of capital from the country.

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Scalfaro clears way for April election

Italy's outgoing PM in caretaker role until poll

By John Simkins in Milan

Italy is to hold a general election on April 21, after President Oscar Luigi Scalfaro yesterday dissolved the country's 12th postwar parliament.

Mr Lamberto Dini, the outgoing prime minister, is to continue in a caretaker role until the elections. He completed an interim government earlier in the day by appointing new ministers to the vacant budget and justice portfolios.

The president has been reluctant to let the country go to the polls so soon after the March 1994 elections which ushered in the one-year coalition administration led by Mr Silvio Berlusconi, head of Forza Italia.

Mr Berlusconi's government fell after Mr Umberto Bossi's Northern League left the coalition. Mr Dini, a former director-general of the Bank of Italy, took over, but his government fell in mid-January.

Some of the contenders will not relish an early poll, and had been exploring the possibility of an 18-month interim government to introduce constitutional reform.

Mr Berlusconi, who is being investigated because of the activities of his Fininvest business empire, wanted time to resolve his judicial problems. Mr Massimo D'Alema, the leader of the PDS party, the former communist, believed that the centre-

left alliance risked losing. Since January 13, Mr Antonio Maccanico, an experienced backstage political negotiator, has tried to form an interim government at the request of Mr Scalfaro. On Wednesday Mr Maccanico said he was unable to form an administration with broad support and yesterday the president signed the decree dissolving the legislature.

Leaders of the centre-right, grouped round the National Alliance of Mr Gianfranco Fini and Forza Italia, have called for members of the outgoing government to remain neutral and not present themselves as candidates at the elections. Mr Dini's name has been linked with the centre-left.

Yesterday's ministerial appointments brought Mr Mario Arcelli, an economics professor who is rector of Luiss Guido Carli university at Rome, into the government as budget minister to succeed Mr Rainer Maseri who resigned in December to return to the IMI banking group.

Mr Vincenzo Cossentino, former chairman of the constitutional court, becomes justice minister, succeeding Filippo Mancuso, who was dismissed last October after a no-confidence vote.

The premature ending of the legislature, which was intended to run until 1999, is the eighth early dissolution of an Italian parliament since 1968 and the second under the Mr Scalfaro.

Summit aims to revive Bosnia peace process



US mediator Richard Holbrooke (centre) arrives escorted at Rome's Fiumicino airport on the eve of crisis talks with the presidents of Bosnia, Croatia and Serbia. The summit is intended to revive Bosnia's peace process. Bosnian 'terrorist camp' captured. Page 22

Takeover would create one of world's biggest services groups

BET rejects Rentokil \$2.7bn offer

By Geoff Dyer and Tim Burt in London

Rentokil, the environmental and industrial services group, yesterday launched a £1.7bn (\$2.7bn) hostile bid for BET, the business services group. The move came after it abandoned plans to seek a recommended offer for the company.

The takeover would make Rentokil one of the world's largest services groups, with more than 140,000 employees and activities ranging from pest control to textiles and security.

Rentokil told BET shareholders they had been let down by the management's "disappointing" profits record, particularly since Mr John Clark took over as chief

executive in 1991. The offer was unveiled after the UK Takeover Panel told Rentokil to clarify its intentions after market speculation earlier in the week that it was about to launch a bid.

Rentokil's proposal was rejected by BET, describing it as "wholly inadequate" and a "mundane plan to create an unfocused services conglomerate".

Mr Clark said: "Rentokil would bring nothing to the group and its offer fails to recognise the value of BET."

Rentokil, however, said it could better exploit BET's brand names and the group would benefit from Rentokil's more focused management.

Rentokil's move is strongly supported by Sophus Berendsen, the Danish holding company which owns 52 per cent of Rentokil's shares. Its stake would be diluted to as little as 36 per cent. City analysts, most of whom

were initially sceptical about the industrial logic of the takeover, were told by Rentokil that BET's businesses offered significant scope for increased profits.

The group did not, however, publish detailed proposals of cost savings, restructuring charges and possible disposals, although it said it would put BET's industrial plant services division under review.

Mr Clive Thompson, chief executive of Rentokil, claimed the deal would be earnings enhancing in the first year and that almost 80 per cent of the two groups' businesses overlapped.

Mr Clark, however, said there was little common ground between the companies.

One analyst said last night: "This is a big mouthful for Rentokil and we think it is high risk." Rentokil, which yesterday announced a 21.2 per cent increase in full-year profits to

£214.5m, has offered nine new Rentokil shares and £8 in cash for every 20 BET shares.

Advised by Lazard Brothers, it has also offered a cash alternative of 178p a share.

Analysts speculated that Rentokil might raise the offer to more than £2bn to ensure success, equivalent to 210p per share.

Under the terms of the offer, Mr Clark would make a pre-tax profit of £1.5m on his share options at the 1990-a-share value of the cash and shares offer.

Mr Clark, who was paid £1.1m last year, holds a further 105,000 ordinary shares. BET, advised by Barings Brothers, saw its shares rise 11p to 195p, while Rentokil closed down 3p at 333p.

Determined to catch its prey, Page 6; Man in the News, Page 9; Lex, Page 22

French trust British model in efforts to save chateaux

By Gillian Tett in Paris

The French government is to act to protect many of the country's historic monuments - and has looked across the Channel to Britain's National Trust for guidance.

Spurred by concern over Japanese purchases of France's elegant but often crumbling castles and country houses, the cabinet has decided to set up a foundation to protect them, and create 8,000-10,000 jobs.

The French move follows the acquisition by a Japanese property company of a string of attractive chateaux around Paris and the Loire in the late 1980s, which were then allowed to fall into disrepair.

The company's activities alarmed France's Ministry of Culture, which has 400,000 historic French monuments it wishes to protect.

Mr Philippe Douste-Blazy,

French culture minister, explains: "Some monuments are in the hands of owners unable to maintain them. Some of the jewels of our architecture, like the Louveciennes chateau, near Versailles, have been bought by a Japanese company [which is now bankrupt]."

The French culture ministry says that, like the National Trust, the proposed foundation will be a private body to collect money and "mobilise the citizens" for the "defence of the heritage".

But unlike the National Trust - Britain's biggest charity which takes over the management of historic buildings and beauty spots and opens them to the public - the French body will have compulsory purchase powers and be substantially business backed. Public access may be less widespread.

The new foundation - which marks a break with France's long

tradition of leaving responsibility for its heritage in the hands of the state, or private owners such as its old aristocracy - will be empowered to make compulsory purchases of buildings in decline or offer subsidies to struggling private owners.

The scheme envisages that businesses will provide two-thirds of the capital, with the public providing the other third through membership fees. How far French companies will wish to take part remains unclear. The culture ministry says that it expects about a dozen to take part, providing some FF15m (\$2.9m), and is offering tax breaks on donations.

Gaz de France, the state-owned gas company, has expressed a firm interest in the foundation, according to the ministry. Credit Local de France, the bank, says it will consider joining when the scheme is passed by parliament this spring.

STOCK MARKET INDICES

FT-SE 100		US LUNCHTIME RATES		STERLING		DOLLAR	
FT-SE 100	3,770.9 (-0.3)	Federal Funds	5.4%	New York lunchtime	\$ 1.548	New York lunchtime	DM 1.45905
Yield	2.83	3-m Treas Bill: Yld	4.857%	London	1.548	FF	5.023
FT-SE Eurotrack 100	1,538.16 (+0.54)	Long Bond	98 1/2	London	1.548 (1.5377)	Y	106.365
FT-SE-A All-Share	1,854.25 (-0.1%)	Yield	6.231%	DM	2.2631 (2.2623)	DM	1.4677 (1.4713)
Nikkei	20,802.77 (-83.42)	NORTH SEA OIL (Argus)		FF	7.7873 (7.7933)	DM	1.4677 (1.4713)
New York lunchtime	5,615.08 (-38.29)	Brent 15-day (Apr)		FF	1.8408 (1.8453)	FF	5.0236 (5.0693)
Dow Jones Ind Ave	5,615.08 (-38.29)	S & P Composite		Y	163.093 (163.18)	Y	106.34 (106.11)
S & P Composite	548.92 (-2.40)	GOLD		£ Index	84.3 (84.2)	£ Index	95.6 (95.0)
LONDON MONEY		New York Comex (Apr)		Tokyo close		Tokyo close	
3-mo Interbank	6 1/4% (6 1/4%)	London		Y 106.34 (106.11)		Y 106.34 (106.11)	
Life long gilt fut: Mar 100%	(Mar100%)						

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Weekend FT
Section II

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NEWS: EUROPE

EUROPEAN NEWS DIGEST

Berlusconi 'knew of bribes'

Mr Silvio Berlusconi must have known of bribes paid by his Fininvest business empire to financial police, a Milan court was told yesterday as the former Italian prime minister's trial for corruption resumed. Mr Gherardo Colombo, opening the prosecution's case, claimed that Mr Berlusconi authorised the illegal payments to the Guardia di Finanza.

The prosecution said Mr Berlusconi dealt not only with the group's strategy but with everything concerning it. Mr Colombo said there was evidence of close links between Fininvest and the financial police. He said 37 Guardia di Finanza members had belonged to the banned P2 freemasons' lodge, in which Mr Berlusconi had admitted involvement.

The charges relate to bribes totalling L380m (\$242,000) paid to members of the Guardia di Finanza to secure favourable inspections of the books of Fininvest companies.

There are 10 other defendants, including Mr Berlusconi's brother Paolo, four Fininvest executives and five Guardia di Finanza members.

Mr Paolo Berlusconi and Mr Salvatore Sciascia, the head of the tax department at Fininvest, have admitted making the payments but they claim that they were blackmailed into doing so. Mr Silvio Berlusconi denies any knowledge of the bribes.

John Simkins, Milan

French banks attack La Poste

French banks yesterday sharply criticised plans by La Poste to increase its financial services, telling the national postal system to stick to delivering mail.

The French Association of Banks, already fretting at what it claims is unfair advantages enjoyed by state-owned savings banks, has complained La Poste could not compete fairly because of "its large captive customer base".

La Poste denies any intention of rivaling the banks, but the loss-making public service has committed itself to keeping open all its 17,000 branches, that make far more money out of customers' savings accounts than from mail.

La Poste manages savings of FF834bn (\$164bn), or about 10 per cent of the country's total. It already generates FF17bn in revenue a year from financial operations, compared with FF14bn from postal services. Reinforcing this, La Poste has announced plans to increase the number of its financial advice staff from 4,500 to 6,000 by 1997.

David Buchan, Paris

Ukraine pit strike suspended

Ukraine's mining union yesterday suspended its two-week strike without gaining significant concessions from the government. A union leader told Interfax news agency the miners might put their tools down again, but the strikes petered out with fewer pits willing to hold out for the higher pay and subsidies demanded by the union.

The Kiev government refused these demands, citing the need to keep the budget deficit down. The miners at the older pits lack the economic and political clout to force the government's hand. But their walkout has seriously depleted Ukraine's fuel reserves. The government went on emergency footing this week when Russia took Ukraine off their common electricity grid for taking too much electricity, and power plants in the striking regions ran out of fuel. A harsh winter has also contributed to the energy crisis, which has forced many factories to shut down.

However, the Kiev government avoided the expensive promises made to Russia's striking miners by the Kremlin this month.

Matthew Kaminski, Moscow

Portugal reverts to GMT

Portugal is to revert to the same time as Britain and Ireland by not moving its clocks forward by an hour on March 31, Mr Antonio Guterres, the prime minister, said yesterday.

The previous centre-right government moved clocks forward an hour to Central European Time in 1992, arguing that it would benefit the economy for businesses and financial markets to be on the same time as most of the European Union. Because Portugal is the European mainland's westernmost country, this meant the sun rose after 8am in mid-winter, forcing children to travel to school in the dark for most of the school year.

Mr Guterres' centre-left government, which won a general election last October, has decided to return to Greenwich Mean Time on the recommendation of scientific experts and education officials.

Peter Wise, Lisbon

Austria keeps its savings anonymity

Austria's Chancellor Franz Vranitzky yesterday underlined his country's determination to continue to allow anonymous bank accounts, in defiance of European guidelines to combat money laundering.

His intervention illustrates how support for the accounts has unified all political parties in the face of international criticism.

They were described this week by Mr Klaus Liebscher, the central bank president, as "part of the Austrian savings culture [which] should not be touched".

A string of complaints from the US Drug Enforcement Agency and other international law enforcement bodies about Austria's anonymity laws, unique in the western world, culminated this week with official notice from Brussels that the European Commission would take Austria to the European Court if anonymity on savings accounts were not lifted.

Italian and German tax authorities have also voiced concern about their nationals evading tax.

Bank accounts have been held anonymously for 300 years in Austria, and about Sch1,400bn (\$135bn) is held in 28m savings accounts - the country's population is about 8m.

Austrians can take their savings to the bank, where they receive a book and a code word. Clerks never ask for proof of identity - for withdrawals, it is enough to hand over the savings book and write down the code word on a piece of paper.

At one time the accounts were an accepted way of avoiding tax on interest, but tax is now deducted automatically from every savings and securities account.

But people still have reasons to hide their savings from authorities.

The Austrian constitution guarantees bank secrecy, but this can be suspended where there are well-founded suspicions of tax evasion or other felonies.

Moreover, many people do not trust bank managers to be discreet about their clients' finances. Especially in small towns, a sudden windfall could quickly become public knowledge, they fear. In contrast with Switzerland, there are no serious penalties for breaking bank secrecy laws.

Psychologists see the passion

for anonymous savings as a sign of an ambivalent attitude toward money. People rarely discuss their income, even among friends, and wealth still attracts less respect than political influence or celebrity.

Economists also point to a weak entrepreneurial spirit and little concern for maximising profits.

Only about 4 per cent of Austrians own shares, and savings are seen as something to be defended, not necessarily increased. Given these cultural and emotional factors, no political party dares to take on anonymity.

Moreover, banking experts argue that the EU's concerns are misplaced. Anonymous savings accounts may be useful for petty tax evasion, but not for major money laundering - deposits are limited to

Sch200,000, which is too small to launder receipts from large-scale drug trafficking.

They admit that one person can have many accounts, but argue that laundering millions through dozens of accounts would be difficult.

Last year banks reported 310 cases, with a volume of Sch2.5bn, where they suspected money laundering. Only a handful of these involved savings accounts, the police said.

Anonymous securities accounts, used for buying bonds and stocks, which are more likely to be used for illegal transactions, will be abolished in mid-year, Mr Viktor Klima, finance minister, announced.

Eric Frey

5m tonnes to be pumped through Russian pipeline system each year

Relief as oil shipment deal signed in Baku

By the Sarikshani in Baku and Robert Corzine in London

The final stumbling block to early exports of oil from the largest foreign investment in Azerbaijan was removed yesterday when a commercial transportation deal was signed in Baku, the Azeri capital.

The agreement to ship 5m tonnes of Azeri oil a year through the Russian pipeline system was signed by officials from Transneft, the Russian oil pipeline monopoly, and the Azerbaijan International Operating Company, which represents the foreign consortium which is planning to spend \$8bn developing the offshore Chirag, Azeri and deep-water Gunashli fields in the Caspian Sea.

Mr Natiq Aliyev, head of Socar, the Azeri state oil company, described the deal as "historic".

Western oil executives said they were relieved the final hurdle to exporting oil from the fields had been overcome.

They had hoped an agreement would be finalised last autumn, but there were delays in negotiating an intergovernmental deal between Azerbaijan and Russia.

The political agreement, which paved the way for the commercial deal, only came into force on Thursday, despite being signed in January by Mr Viktor Chernomyrdin, the Russian prime minister, and Presi-

dent Haydar Aliyev of Azerbaijan.

Some western executives had feared that the delay in reaching agreement with the Russians signalled a hardening of Moscow's stance towards western involvement in the Caspian Sea.

But AIOC and Azeri officials maintained that the delays were mainly caused by legal details.

Among those present at yesterday's signing ceremony was Mr Vagit Alekperov, the president of Lukoil, Russia's largest oil company and a partner in the AIOC consortium. Mr Alekperov, an Azeri by birth, has been instrumental in deflecting Russian foreign ministry criticism of western-financed oil development projects in Azerbaijan.

Socar yesterday signed a "memorandum of friendship" with Lukoil.

Mr Aliyev also welcomed Lukoil's participation in the Shakh-Deniz project, which involves British Petroleum.

The transportation agreement means that oil will be shipped from Azerbaijan to the Russian Black Sea port of Novorossiysk. A second export line through Georgia is also due to be built.

A study is under way to select the route of a main oil pipeline capable of handling peak production from the fields of at least 700,000 barrels a day.

Kadannikov attacks new privatisation plan

By Matthew Kaminski in Moscow

Russia's economic priorities ahead of coming presidential elections must be to lower inflation and resist pressure to print money, Mr Vladimir Kadannikov, the country's new first deputy prime minister, said yesterday.

But Mr Kadannikov - brought in last month to replace the sacked Mr Anatoly Chubais, the architect of Russian economic reform - strongly criticised the government's second wave of privatisation. He said the controversial shares-for-loans scheme, giving investors stakes in companies in exchange for cash, did not produce the desired result.

"I agree the state is weak in managing stakes in privatised companies, in fact I think it doesn't manage them at all," he said, calling for a new "bottom up" approach stressing strategic investment in the weaker companies and retaining government stakes in the stronger.

The new minister, who defended his own record as a factory director of Lada, presented a contrast to his younger predecessor, who staunchly backed reform. But on macro-economic policy, the substance was not markedly different.

Mr Kadannikov spoke out against protectionism, saying he had just vetoed an economic ministry proposal to raise import duties. Russian companies must compete on the global stage, he said. "We can't close our country."

He also flatly rejected the interior minister's suggestion this week to fill revenue gaps in the budget by nationalising large industries and commer-

cial banks. He did caution that Russia's banking system was going through "a serious crisis" that could be resolved only through consolidation.

Meanwhile, President Boris Yeltsin yesterday said the government remained committed to the route trading corridor at least until July 1, after the scheduled presidential vote, during a campaign stop in Chelyabinsk, an industrial centre in the Urals. He pledged to carry out the "third phase of reforms" by focusing on tax overhauls and the financial sector.

But the president, who formally launched his re-election bid this week, also has turned to economic populism, with the

polls just four months off. He promises to rebuild Chechnya and increase social spending.

With an assertive Communist-dominated parliament also pressing for loosening of monetary policy, Mr Kadannikov vowed the government would not diverge from an austere 1996 budget.

Mr Kadannikov took office last week amid worries that Russia's reforms would go off track after Mr Chubais's departure. Previously director of the struggling AvtoVAZ automobile manufacturer, which makes the unreliable Lada, he drew wide criticism from economic reformers, who fear he will seek a stronger role for the state and slow privatisation.



Kadannikov: new scheme 'did not produce desired result'

Fall of the Wall mends no fences with some Berliners

By Judy Dempsey in Berlin

Since 1990, Peter and Brigitta Müller have grown vegetables on an 80 square metre plot of land in Kleinmachnow, near Berlin.

They believe the land is theirs - it has been in the family for most of this century. But the German government insists that they have to pay DM100,000 (\$44,000) for it.

For 30 years the Berlin Wall smacked through their property, dividing the Müllers from their western neighbours. Then, they could not tend their garden - it had been confiscated by the communist Defence Ministry authorities to make way for the Wall.

"The Wall and the fence got higher and higher," said Mr Müller. "We were so pleased when unification came. We were sure we would get our property back." But on unification all former east German defence property automatically passed to the federal authorities in Bonn, and the authorities said that the owners of such land were not entitled to compensation or restitution.

By contrast, those whose property was confiscated by the Nazis between 1933 and

'At least there is the recognition that we have the right to have our land back'

1945 and by the communists between 1949 and 1990 are entitled to get their property back or be paid compensation.

"It was so clear to us that we should get our property back, especially since there are no outstanding claims on this land," said Mrs Müller.

Other property owners felt the same. Wolf-Dieter and Beata Gols campaigned ceaselessly to get their property back.

They set up an association to put pressure on the Berlin and federal government, drawing hostility from some of those who have their eyes on development opportunities or are simply jealous.

"We received hate mail, received threats. Clearly, there were some people who did not want us to get our land back," said Mrs Gols.

Lawyers said Mr Theodor Waigel, the finance minister, had been reluctant to consider restitution, because the federal authorities would lose valuable property, some of it in the heart of Berlin, or compensation, because it would cost too much.

After six years of pressure, court cases, and delays, in investment plans by property developers, the government this month agreed to a compromise - former property owners along the Berlin Wall will be allowed have their land back for 25 per cent of the market rate.

"It's a disgrace," said Mr Müller. "Where will I get DM100,000 to buy back land which is mine in the first place? I am a pensioner. I don't have those savings. This is so unjust."

Other owners believe they have won a victory, however small.

At one stage Waigel wanted to make pay 75 per cent of the market price," said Gols. "At least there is the recognition that we have the right to have our land back."

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EURO DISNEY S.C.A.

NOTICE OF CONVOCATION

Euro Disney Shareholders are invited to attend a Combined General Meeting at the New York Hotel, Disneyland Paris, Chessy (Seine et Marne), France, on Tuesday March 12, 1996 at 10 am.

The agenda for the meeting, a list of resolutions and the report of the Company are available from SEC Warburg, 1 Finsbury Avenue, London EC2M 2PP.

Any shareholder, regardless of the number of shares he/she holds, has the right to attend this meeting, to be represented by another shareholder or member of this meeting, or by his/her spouse, or to vote by mail.

In order to attend, or to be represented at this meeting, or to vote by mail:

- holders of registered shares must be registered at the latest five days prior to the date of the meeting;

- holders of bearer shares must ensure that the manager of their share account confirms, prior to the same date, their shareholding, as at the date of the combined general meeting, with Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France.

Banque Indosuez will provide shareholders with proxy or postal voting forms and admission cards. Shareholders wishing to vote by mail must, pursuant to legal provision, request by registered mail with acknowledgment of receipt requested, a postal voting form from Banque Indosuez or the registered office of the Company (Investor Relations Department).

In accordance with the law, shareholders are reminded that:

- any request for forms, must be received at the registered office of the Company or at the above office of Banque Indosuez six days prior to the day of the meeting, i.e. by Wednesday March 6, 1996 at the latest;

- the form, duly completed, must be received at the registered office of the Company or at the registered office of Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France, three days prior to the meeting, i.e. by Saturday March 9, 1996 at the latest;

- holders of bearer shares must attach a certificate, issued by the manager of their share account, confirming their shareholding, to the form;

- shareholders voting by mail will not be entitled to attend the meeting in person or be represented at the meeting by proxy.

The Gérant

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The Financial Times plans to publish a Survey on

Latin American Mining

on Monday, April 22

There is no doubt about Latin America's geological potential. Mining companies are spending more money exploring in Latin America than in any other part of the world. The survey will give details of present developments in the mining industries of the big mineral producing countries in Latin America.

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FT Surveys

Pension regimes handicap worker mobility within EU

Emma Tucker on why the Commission backs away from the issue

In the three years since Europe's single market was launched, the passage across frontiers for computers, umbrellas, dining room tables and other traded goods has undergone a transformation.

The same cannot be said for the movement of workers.

The free movement of people is a basic principle of the EU treaty, but knocking down barriers for workers who uproot their families and seek employment elsewhere in the Union has proved harder than removing obstacles to trade.

Last week the European Commission decided to postpone drawing up proposals to make occupational pensions portable within the EU. It backed off mainly because it was worried about interfering with countries' domestic pension regimes.

Instead, the matter was referred to a group set up to examine all the problems associated with free movement of people, but it will be another six months before a decision is taken on whether action at an EU level is necessary.

Mr Padraig Flynn, social affairs commissioner, who is promoting the need for EU legislation, argues that occupational pension schemes are growing in importance and are already more significant for many workers than state pensions, for which cross-border co-operation exists.

"At the moment, people who move from one job to another across Europe face losing all or part of their occupational pension rights. What this means is that there is a penalty on mobility. This is bad for the individual worker, and bad for the European economy as a



Padraig Flynn: ideas for EU legislation are too liberal for a number of countries

whole," he argues.

The problem is that even Mr Flynn's minimalist ideas for EU legislation are too liberal for a number of countries - including Germany, the Union's most powerful member state.

Germany has a rigid pension regime designed to encourage company loyalty. This is principally due to the "vesting period" of 10 years for most company pension schemes.

been that there is no need for new legislation because only 2 per cent of EU nationals actually live in other member states.

Mr Flynn counters that it is

precisely because of problems like those associated with occupational pension schemes that the figure is so low.

Another problem is that German supplementary pensions tend to be "book reserve" plans, which do not set aside pension contributions as a separate fund to back up pension promises, but incorporate them into a company's balance sheet.

This is also the situation in Sweden, Luxembourg and Spain. Book reserve systems would make capital transfers - straightforward in the case of funded pension schemes - complicated.

"Germany obviously doesn't want capital to be transferred out of Germany, and that is very short-sighted," says one pensions expert.

Although Germany has been identified as the biggest obstacle, other countries also have their reservations about the need for EU legislation and, in the end, only a handful of commissioners supported Mr Flynn.

However, there are signs that countries are altering their national legislation.

Belgium, for example, has recently reduced vesting periods to one year and officials at the Commission are optimistic that Germany's stance might alter over the next two to three years, particularly as the government seeks to improve the flexibility of the economy.

"Countries are moving in the right direction," confirms Mr de Ryck.

"The Commission should give them time to adapt their national systems, rather than impose a change now."

'People who move from one job to another face losing pension rights. This is bad for individual workers, and for the European economy'

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Wife No 1 jumps ship as Dear Leader's woes grow

By John Burton in Seoul

The reported defection to the west of the former wife of North Korea's de facto leader, Kim Jong-il, is only the latest chapter in the political soap opera involving the country's ruling family.

The Kim clan is not exactly a model of Asian family values. Instead, it mixes the political intrigue of a Jeffrey Archer novel with the sexual dalliances of the Windsors.

The central plot is the bad blood between Mr Kim Jong-il and the rest of the family since he was appointed by his late father, Mr Kim Il-sung, to succeed him as North Korea's leader.

Mr Kim, the Dear Leader, celebrated his 54th birthday yesterday, but has never had an easy time with his relatives.

His mother died when he was young and his step-mother apparently hates him. She has wanted her own three children to rule North Korea.

In response, Mr Kim has exiled his rival siblings by appointing them to diplomatic posts in Europe.

There is also little love lost between Mr Kim and his uncle, who, as the younger brother of Kim Il-sung, had been originally groomed to succeed him but was dropped in favour of Kim Jong-il.

The apparent defection of Ms Song Hye-rim, Mr Kim's first wife, indicates new troubles on the home front and yet another succession battle.

Ms Song was a beautiful young actress when Mr Kim met her in 1987 and forced her to divorce her husband. She subsequently gave birth to Mr Kim's eldest son, Kim Jong-nam.

But she later fell victim to Mr Kim's womanising and was abandoned in favour of the Dear Leader's second wife, Ms Song was sent off to Moscow and lived in a luxurious apartment provided by Mr Kim.

After staying in Russia for 13 years, Ms Song may have decided to defect because of a reported feud with Mr Kim's third and current wife, a former dancer, over which of their sons will become the heir apparent.

Some analysts believe that Mr Kim's family troubles could pose a threat to his future position. Defectors have reported that some of the North Korean elite, particularly the military, have doubts about the reclusive Mr Kim's ability to govern.

The country's economic woes and food shortages have exacerbated those concerns.

If the army ever decides to stage a palace coup against Mr Kim, it will probably try to install another Kim family member as a figurehead to legitimise their action. Mr Kim's uncle and half-brother are regarded as strong candidates.

Devoid of a tabloid press, North Koreans, however, remain blissfully unaware of the family squabbles. Indeed, in spite of the cult of personality surrounding the Kim family, few North Koreans are even aware that Mr Kim Jong-il has had several wives.

Dirty business in the New Hampshire snows

Jurek Martin watches Republican rivals slugging it out below the belt

In one sense the Republicans were lucky. An arriving blizzard, familiar to New England this winter, was more on the minds of the local media yesterday than eight candidates in pursuit of the party's presidential nomination, all gathered in New Hampshire ahead of Tuesday's primary election.

Even they might concede it a blessing if the snow obscured the rising mound of dirt and mud that has attached to their campaign over the last 24 hours. Their televised debate in Manchester on Thursday night was an unedifying apothecosis of the negative.

Most caught in the crossfire was Mr Pat Buchanan, a close second to Senator Bob Dole in the New Hampshire polls. Just hours before the debate, the conservative commentator had placed "on leave" one of his four national campaign co-chairmen, a Mr Larry Pratt, revealed to have spoken at several meetings of white supremacist groups in the last few years.

Mr Lamar Alexander, running third and rising, had also found himself with a lot to explain. A series of media reports inviting the title of Tennessee-gate alleged that the former governor and state university president had diverted contracts and business to friends and family, substantially enriching himself in the process. "I never said I wasn't a capitalist" was his stock response.

Both were meat and grist for a debate in which the three leaders, plus Mr Steve Forbes, the apparently fading magazine publisher, showed that their collective promise to forswear negative advertising was not worth the paper it was never written on. The four minor candidates still in the field and on the podium, standing in alphabetical order, could hardly get a word in edgewise.

Mr Alexander, speaking first, opened up by saying to Mr Dole: "You're better than your negative ads: why don't you pull them?" The

deducted a "\$2m scam" in Tennessee. Mr Alexander promptly challenged the wealthy publisher to make public his income tax returns.

But the nastiest exchanges were between the two frontrunners. Mr Dole has a new commercial out calling Mr Buchanan "an extremist" and earlier had commented that Mr Buchanan should have fired Mr Pratt outright.

That got Mr Buchanan going. "If I'm extremist, why are you pirating my ideas?" Buchanan snapped at Dole. "You have a bad day or something?" Dole shot back.

majority leader replied by pulling a family photograph from his pocket and countered that the commercials against him should use a picture of his dog (naturally called Leader) rather than the unflattering portraits designed to make him look old.

Mr Forbes, who shumped in Iowa because of his negative commercials, has an uplifting series for New Hampshire devoted to medical savings accounts. But that did not stop him rounding on Mr Alexander with the accusation he had con-

think you can call us extremist when you are becoming a pretty good echo of Pat Buchanan."

"You have a bad day or something?" Mr Dole shot back wickedly. In a reference to the Pratt affair, "Pat is off on this isolationist thing."

(In reality Mr Dole has begun to pick up some of Mr Buchanan's economic nationalism themes.)

But Mr Buchanan was not about to throw his co-chairman to the wolves, at least not on Thursday night. In his concluding remarks he

said the attack on Mr Pratt was "a sure sign I'm winning" and was a direct assault on "the gun owners of America," for whom Mr Pratt also lobbied.

"He's a devout Christian," Mr Buchanan added for the benefit of his hardcore supporters. Unfortunately, in a TV interview 90 minutes later, Mr Pratt revealed himself to be Jewish. He also expressed sympathy for right-wing militia movements and said last year's Oklahoma City bombers had merely "descended to the level of the FBI" at Waco and Ruby Ridge.

The debate certainly laid bare the intensity of the struggle between Messrs Dole, Buchanan and Alexander, with all three deigning to notice Mr Forbes only when, like a mosquito, he starts to irritate them.

How all this plays in New Hampshire on Tuesday is unclear. Exactly four years ago, a candidate called Bill Clinton appeared dead in the water, sinking under the combined weight of the Gennifer Flowers affair and dodging the military draft. But he rose to the surface with a strong second and the rest is history.

Yet 21 years ago Senator Ed Muskie of Maine won in the Manchester snows after the local newspaper had called his wife a lush and it cost him the predicted easy victory in New Hampshire he desperately needed. For what it is worth, a foot of the white stuff is expected this weekend.



Black looks from Dole (left) as Buchanan speaks during a televised debate

Mandela health rumours hit rand

By Roger Matthews in Cape Town and Philip Gawth in London

The South African government was yesterday reminded of the vulnerability of the rand when the currency suffered its most turbulent day since the first democratic elections, in April 1994.

Fuelled by rumours about President Nelson Mandela's health, and the possible easing of exchange controls, the rand at one point dropped to an all-time low of 3.83 to the dollar, a fall of nearly 6 per cent.

Traders said the move had been exaggerated, but investors were expected to remain wary. "It serves as a reminder that the underlying nervous-

ness is still there, that this is quite a risky country," said one London analyst.

Optimism about South Africa's prospects saw foreign investors become heavy buyers of South African shares and bonds last year. These purchases increased further in 1995, helping to bolster the rand. It had consistently traded in a narrow band around 3.85 to the dollar since the abolition last March of the financial rand, the foreign investment currency.

The rand later recovered some of its early losses to close in London at R3.78 from R3.66 on Thursday, but nervousness spilled over into other markets, with the yield on the benchmark R150 long bond rising to

13.55 per cent, from 13.33 per cent, while the industrial share index lost 48.8 points to finish at 8,525.1.

The Reserve Bank confirmed that it had entered the market, but said this was to ensure liquidity rather than to support the currency.

Rumours about Mr Mandela's health surfaced in Europe late on Thursday and gained ground when markets opened yesterday. A smiling, relaxed president later said he felt on top of the world, adding that the rumour of his ill-health was less serious than two previous ones which had proclaimed him dead.

Speculation has grown in recent weeks that a relaxation of exchange controls is immi-

nent. Mr Mandela said last week it was not a question of if, but when, they would go.

Analysts said yesterday's events had probably set back the process.

Mr Chris Liebenberg, finance minister, said he was "not ready to announce any relaxation of foreign exchange controls at the moment".

While the sharp move took markets by surprise, a correction in the value of the currency was not unexpected. Mr Graham Bell, economist at Standard Bank in London, said: "The rand had risen in real terms over the past year and imports had been flooding in, which suggests it was probably a bit expensive and needed to correct."

Against the dollar (R per \$)

3.50
3.55
3.60
3.65
3.70
3.75
3.80

1995

Source: FT Intel

This week the Union Bank of Switzerland said it believed the rand was 7-10 per cent overvalued against the dollar.

BB INDUSTRIE HOLDING AG

The Performance

BB NAV vs. INDUSTRY EUROPE

105
100
95
90
85
80
75

1994 1995

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Senator tries to break US-UK air travel impasse

By Michael Slepian, Aerospace Correspondent

Senator Larry Pressler, chairman of the US Senate transport committee, is to introduce legislation to allow foreign airlines to own up to 49 per cent of US carriers. The existing limit is 25 per cent.

Mr Pressler's proposal is aimed at breaking the deadlock in UK-US aviation relations. Negotiations between the two countries broke down in October when the US said UK proposals to increase access to London's Heathrow airport were too restrictive. The right of foreign airlines to own up to 49 per cent of US carriers is a long-standing UK demand.

The US, which has reached "open skies" agreements with Germany and nine other European countries, has been frustrated at its failure to reach a liberalised accord with the UK.

In a speech to the International Aviation Club in Washington, Mr Pressler also supported UK demands that British carriers be allowed to bid for contracts to transport US civil servants.

The senator's initiative comes after administration officials said they would block any attempt by British Airways to form new airline alliances in the US unless the UK agreed to grant US carriers greater access to Heathrow airport.

BA said last month it had decided not to increase its 34.8 per cent investment in USAir. US officials have said that BA would not have received permission to increase its stake.

US officials also said BA would find it hard to win approval for any new code-sharing pacts with US carriers.

Code-sharing allows an airline to sell seats on flights operated by its partner carrier. Some aviation industry executives believe BA would like to

conclude a code-sharing alliance with American Airlines.

Mr Pressler made it clear that BA would only be able to take advantage of any new legislation if the UK agreed to greater access to Heathrow.

Although a Republican, the senator is a strong supporter of the approach taken in aviation negotiations by Mr Federico Peña, the US transport secretary.

Mr Pressler said that if the UK was prepared to be more flexible over Heathrow, the US should be prepared to change its "fly America" policy, which places limits on foreign carriers' right to bid for US government contracts.

Last year UK carriers won the right to carry US civil servants from five US cities to London, but not to points beyond. The UK airlines say this deprives them of 40 per cent of US government business.

How hollow Hong Kong becomes will depend on a series of decisions due this year. These include the selection of the chief executive, who will run Hong Kong after the handover, and the conditions under which Hong Kong passport holders will retain the right of abode.

The mounting tension between China and Taiwan is another factor which could have a profound effect on Hong Kong confidence.

For some, the risk lies more in an accumulation of incidents. "A hard line on the right of abode, repressive acts in China and a lack of credibility in the new political institutions could create a critical mass," said Mr de Golyer.

Fears of 'hollow' Hong Kong grow as China takeover nears

By John Ridding in Hong Kong

Mr CK Hoi will not be spending the Lunar New Year in Hong Kong, as he has for the past 45 years. Last week the electronics executive boarded a flight to Canada, where he is moving with his family. "I am not taking the risk," he said, referring to Hong Kong's return to Chinese sovereignty next year.

The main question facing Hong Kong as the transfer date approaches - 500 days from today - is how many will make similar journeys.

For the moment, the signs point to an increased outflow, but not an exodus. Mr Michael de Golyer, director of the Hong Kong transition project at Baptist University, yesterday presented the findings of his team's latest study. He believes the flow of emigrants is set to increase this year to between 90,000 and 100,000, compared with about 60,000 in 1995 and 55,000 in 1994. "We may see as many as 200,000 leave between now and June 1997," he said.

The increase, supported by statistics of visa applications at foreign consulates, reflects the growing deadline and continuing worries about the handover. There has also been a

	How Hong Kong residents see themselves (%)			
	Hong Kong Chinese	Chinese	Hong Kong British	other
Feb 93	36	19	37	7
Aug 93	34	20	35	10
Feb 94	34	20	35	10
Aug 94	36	19	32	10
Feb 95	33	20	36	12
Aug 95	32	22	36	8
Feb 96	28	30	35	5

Source: The Hong Kong Transition Project 1996

rise in the number of families leaving, as distinct from individuals securing rights of abode overseas before returning.

Partly because of this practice, the potential for departures is much greater than current trends. Diplomats cite figures of between 500,000 and 600,000 who could leave immediately, out of a population of about 6m. Mr de Golyer believes the figure is higher.

"Six per cent of those we ask, over the age of 18, say they have a right of abode elsewhere. If you add a multiplier to that for family members and those with relatives abroad, then the numbers are much greater."

However, few believe that what is possible is also prob-

able. "It is natural that those who can get insurance have been doing so. It is a pragmatic response," said Mr Ian Parkin, assistant director of the Hong Kong Chamber of Commerce.

"The mood is not grim," said one diplomat, pointing to this year's 15 per cent leap in the local stock market. "What is striking is how many people are coming back."

Yesterday's survey provides grounds for optimism. Although the proportion claiming not to be worried about living standards, personal freedoms and political stability after 1997 remained less than 50 per cent, those with a positive view of the Chinese government and those identifying themselves as Chinese both saw increases.

INTERNATIONAL NEWS DIGEST

Nigeria to open economy

Nigeria said yesterday it planned to open new sectors of its economy to private enterprise to boost growth. Private companies will be able to compete in telecommunications and in the generation and distribution of electricity. Mr Anthony Ani, the finance minister, throwing light on the 1996 fiscal budget broadcast late on Thursday night by military ruler General Sani Abacha, said the government was aiming at growth of 4.94 per cent compared with 2.17 per cent last year.

Electricity and telecommunications are at present the preserve of giant government corporations which, although now commercialised, remain much criticised by the public for inefficiency. Mr Ani said in addition that the government had decided that some of its enterprises ranging from oil refineries to steel mills would be leased out this year and others would be handed over to outside professionals for better management.

In the budget, the military government opted to continue with monetary policies tagged "guided deregulation" introduced last year, which have stabilised the exchange rate although at a much lower level than envisaged.

Nigeria's dual exchange rate system will continue, with an official rate of 22 naira to the dollar for a few government transactions, while all other businesses use a market where the naira is worth only a quarter as much. *Reuters, Abuja*

Mrs Zia wins flawed election



The Bangladeshi prime minister, Mrs Khaleda Zia, (left) swept to an unchallenged victory yesterday in an election tainted by widespread violence and reported election fraud.

Opposition parties, which boycotted Thursday's election, dismissed the results as meaningless, and independent monitors denounced the vote as "flawed from the beginning".

Election officials nullified the vote in 2,431 polling stations, more than 10 per cent of the 21,000 balloting centres. By early yesterday, Mrs Zia's

Bangladesh Nationalist party had won all but one seat of the 185 announced by the Election Commission, already obtaining an absolute majority of the 300 contested seats. An independent monitoring group of 1,000 observers estimated the turnout at up to 15 per cent of the country's 58m voters.

Opposition leader Sheikh Hasina said the government had "lost its legitimacy and authority to govern" and called for a new election within 90 days, conducted by a caretaker government headed by the Supreme Court chief justice. The conflict between Mrs Zia and Mrs Hasina, two charismatic women who each inherited the leadership of a political dynasty, has paralysed the government and divided the nation for 22 months. *AP, Dhaka*

Mexican rebels sign first accord

Mexico's Zapatista rebels signed a first peace accord with the government yesterday, in their boldest step so far towards ending their two-year uprising, a government official said.

Mr Sergio Arturo Venegas, a member of the government delegation negotiating the accord, said the two sides signed a deal covering Indian rights and culture behind closed doors in the southern town of San Andres Larrainzar. Yesterday's accord covering Indian rights is the first of six agreements that have to be worked out between the government and the Zapatistas to put a final end to the rebel uprising, which began in January 1994. *Reuters, San Andres Larrainzar*

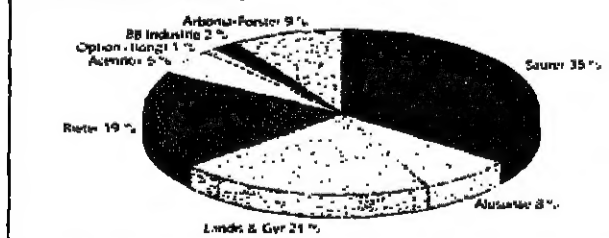
1995 was marked by a disappointing trend in the share performance of capital goods companies in Europe. The turbulences in the currency markets were seen as the main cause in the first four months of the year. As the year progressed, however, the general worsening of economic prospects in Europe became the dominant factor. This led to less favourable earnings prospects and to falls in capital goods share prices. Some BB Industrie holdings were also affected by this trend. While BB Industrie bearer shares lost 6.1% and dropped to Sfr. 2,150 in the course of the year, the net asset value was decreased by 4.8% to Sfr. 2,251. BB Industrie was not satisfied with this course of events and has become more proactive with some of its holdings.

During 1995, in cooperation with the Board of Directors of Saurer AG, BB Industrie was able to bring about changes which had become necessary because of the unsatisfactory trend in the business. The Board of Directors was strengthened by Prof. G. Behr and Mr. M. Timmermann, and a management team headed by Dr. Ernst Thomke has taken over the management of the company. BB Industrie is confident that with this new management team and the stronger focus on operational activities Saurer will be able to achieve a sustained turnaround within the next years. 1995, BB Industrie has increased its holding by more than 200,000 shares to over 30% of the shares outstanding of Saurer AG and has therefore become the largest shareholder in the company.

As already announced in September BB Industrie has liquidated its entire holding in Sulzer. As a result of Elektrowatt AG's takeover bid for Landis & Gyr AG in December 1995, it was possible to sell this holding at a profit effective February 1996.

The Portfolio

Security holdings in percent (Marketable Securities of Sfr. 606.5 million)



In 1995 BB Industrie took its first equity stake in a foreign company. The Spanish stainless steel manufacturer Acerinox is one of the low-cost producers of stainless steel in Europe. Nevertheless, Acerinox was also affected by the worsening of underlying economic conditions. The increasing deterioration of the construction industry in Europe during the year caused an unsatisfactory performance of Arbonia-Forster shares. In Acerinox and Arbonia-Forster, BB Industrie took advantage of the weaker stock prices to increase its stake in these companies.

After Dr. Ernst Thomke had taken on the operational responsibilities at Saurer, he resigned as Chairman of the Board of Directors of BB Industrie in September 1995. We would like to thank Dr. Ernst Thomke for the contributions made and wish him all the best in his new position.

We wish to thank our shareholders for the confidence they have shown in BB Industrie. After an unsatisfactory performance in 1995, we are expecting a positive development in 1996, particularly because of the promising outlook at Saurer and Rieter.

The Board of Directors of BB INDUSTRIE HOLDING AG

Dr. Hermann Chr. Goldkamp Prof. Dr. Hugo Tschirky

For the latest report of BB Industrie AG please contact:

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NEWS: UK

£1m reward offered to catch bombers

By John Kampfer in London
and John Murray Brown in
Dublin

British police yesterday arrested several people in their search for Irish Republican Army bombers as Sinn Féin came under strong pressure to seek a restoration of the Northern Ireland ceasefire. Sinn Féin is the political wing of the IRA.

With London gripped by a series of security alerts following the bomb in Docklands, which killed two people last week, police offered a £1m (£1.54m) reward for information. The source of the reward, the biggest offered in a terror-

Former US Senator George Mitchell is needed urgently as a peace envoy in Ireland, Mr Bertie Ahern, leader of Fianna Fail, the biggest opposition party in the Republic of Ireland, wrote in the Dublin *Irish Times* yesterday. "We face a new problem as to whether Gerry Adams or anyone else in Sinn Féin can speak politically for the IRA or give authoritative guarantees on

their behalf," he wrote. "Senator Mitchell alone can speak to, and has the trust of, all parties to the conflict... His six principles and phased decommissioning [of weapons held by paramilitary groups] are needed so that we do not fall back into the rut of old arguments which have delayed the peace process so much up until now."

ist case, was not revealed. Commander John Grieve, head of Scotland Yard's anti-terrorist branch, said: "We will use every weapon we are given by our communities to bring terrorists to justice. We know that some criminals are motivated by money and we can all use that to get the information

we need." Police have established that the Ford truck used in the Docklands bombing travelled to the London area from the Scottish port of Stranraer, which has a ferry link to Ireland.

Officials of the government of the Republic of Ireland met Mr Gerry Adams, Sinn Féin

president, at a secret location for two hours to set out the government's conditions for allowing the party back into the search for a political solution for Northern Ireland.

Mr Dick Spring, the republic's deputy prime minister, said the government would be "giving vent to its anger in

relation to the breakdown of the IRA ceasefire". Thousands of people attended marches against terrorism in Northern Ireland while Mr Spring launched a peace campaign in the republic. Pro-British loyalists joined a small group of Sinn Féin supporters at a demonstration in Belfast.

Ms Marjorie Mowlam, the British Labour party's shadow Northern Ireland secretary, said the leaders of the two main parties representing British paramilitary groups in Northern Ireland had assured her that they were working to prevent any slide back into sectarian violence.

Music industry seeks big earners

By Alice Rawsthorn in London

The UK music industry should have good cause to celebrate at the annual Brit awards ceremony in London on Monday. More than £1bn (£1.54bn) of albums and singles were sold in the UK last year and overseas earnings rose above £1.4bn.

Young British bands such as Oasis and Blur currently have Top 10 albums in the US. But the industry faces the challenge of maintaining momentum in Britain and nurturing new international stars to replace enduring "dinosaurs" such as Eric Clapton and Elton John who have been around since the 1960s.

Young bands such as Oasis, Pulp, Radiohead, Blur, Supergrass and other Britpop acts are typical of the "indie" bands that have traditionally been relegated to cult status - signed to independent record labels, attracting rave reviews and faithful young fans, but failing to generate high sales.

The "teen boom" has provided a larger market for their music thereby introducing it to an older audience.

The success of Oasis has fuelled a surge of interest in signing new talent and sought-after acts can virtually dictate their own terms.

"There's so much competition that deals are getting more expensive," says Mr Ray Cooper, deputy managing director of Virgin Music (UK). "But it's easier for UK labels to get deals for artists in the States, because the Americans don't want to miss out on the next Oasis."

The US is important to UK artists because it is the world's largest music market and because a hit there makes it easier to break into Asia and Latin America. The dearth of recent US breakthroughs has left British music exports heavily dependent on ageing stars. The youngest of the 10 musicians with the highest disclosed earnings last year, according to the Media Research Publishing research consultancy, was 41-year-old Annie Lennox.

UK NEWS DIGEST

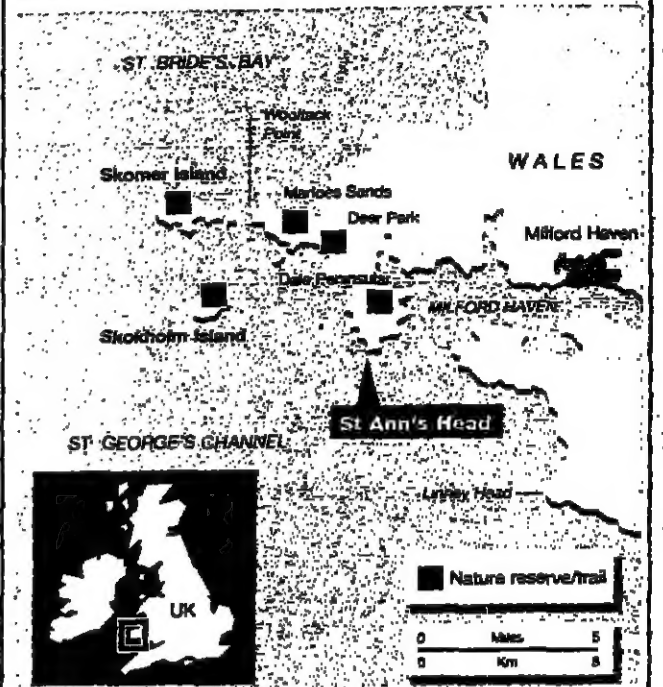
Aon offshoot is fined £110,000

Combined Life Assurance Company, a subsidiary of Chicago-based insurer Aon Corporation, was fined £110,000 (£169,400) by Lauto, the regulator for the life assurance sector. Lauto also imposed £20,000 costs for failures in CLAC's compliance processes for 2½ years to January last year. Lauto said CLAC had failed to "take reasonable steps" to ensure its staff acted in line with their responsibilities, particularly in dealing with problems identified through compliance reviews. The company's records on recruitment, compliance and the filling out of customer questionnaires were also inadequate. CLAC has begun a process of reviewing 2,500 random cases to check whether investors were given good advice. So far, it has paid out a total of just under £1,000 compensation in six cases. Last summer, CLAC stopped selling life assurance and de-registered all its 250 sales agents, although it still administers the policies of its 44,000 clients.

Alison Smith, Investment Correspondent

Tanker runs aground

The oil tanker Sea Empress was last night listing heavily and low in the water after running aground on rocks at St Ann's Head as she entered Milford Haven in south west Wales. About 4,000 tonnes of the 140,000 tonne cargo was estimated to have leaked from ruptured tanks. Conservationists expressed alarm at the potential damage to wildlife on nearby islands and coastline. A 20km slick was reported last night, with oil coming ashore. The Liberian registered tanker, which has a



Russian crew of 28, hit rocks a few hundred metres offshore. She was bound for a Texaco refinery, where her cargo of North Sea crude was to be refined into petroleum. Milford Haven is one of Europe's three largest oil ports, together with Sullom Voe in Scotland and Rotterdam. It handles 38m tonnes of oil a year.

Roland Adburgham, Milford Haven

Claim against bank dropped

Liquidators of Bishopsgate Investment Management, a fund management company set up by the late publishing tycoon Robert Maxwell, gave up their claim for more than £10m (£81.6m) from Credit Suisse, the Swiss bank. The decision represents a reversal for the efforts of trustees of the Maxwell pension funds and liquidators of BIM to retrieve the £400m which Maxwell removed from pension funds. Last year, trustees of the Maxwell pension funds won £276m from Goldman Sachs and Lehman Brothers, the US investment banks; from Coopers & Lybrand, auditor of the failed Maxwell Communication Corporation; and from other Maxwell group companies.

Shares owned by the Maxwell pension scheme and managed by Bishopsgate Investment Management were passed to Credit Suisse as security for a £50m loan facility granted in 1990 by the Swiss bank to Robert Maxwell Group. Robson Rhodes, liquidators of BIM, launched legal action against Credit Suisse, claiming back over £40m and alleging misconduct by the Swiss bank. After 180 days of trial and several days of out-of-court negotiations, the liquidators agreed to drop all claims.

Nicholas Denton, Financial Staff

Sumitomo offshoot expands

The Japanese-owned Surface Technology Systems is to expand in south Wales with a £5m (£7.7m) purpose-built plant expected to create an additional 100 jobs. The company, a subsidiary of Sumitomo Precision Products, makes plasma systems used in integrated circuits and other microchips. In March last year, Sumitomo took over STS, which is based at Abercrombie, where it employs 84 people. Turnover has since increased rapidly, with 95 per cent of sales exported, and it has already outgrown the site. The project is receiving grant support from the British government.

Roland Adburgham

Pharmacia & Upjohn closure

Pharmacia & Upjohn, the newly merged Swedish-American group, yesterday announced the closure of its manufacturing site at Crawley, near London's Gatwick airport, with the loss of 200 jobs. The move is part of a worldwide restructuring which will see the group close up to half its facilities. There will be no other closures in Britain. The group is setting up its world headquarters in Windsor and its UK headquarters at the former Pharmacia offices in Milton Keynes to the north of London. Crawley, which manufactures animal and human health products, is a former Upjohn site.

Jerry Luesher

Passport theft: Police in the English Midlands have arrested 20 people after finding forged and stolen passports buried in a garden. The discovery has led to the deportation of a number of people.

The Scott report on arms for Iraq

Export licensing may be reviewed

By Michael Cassell,
Business Correspondent

A fundamental review of export controls and licensing, based on emergency legislation introduced in wartime Britain and still in force, could follow Sir Richard Scott's report on arms for Iraq. The 1,600-page report, which included criticism of ministers and the government, was published on Thursday.

Despite recent moves within the Department of Trade and Industry to modify a system intended to prevent exports deemed to be "against the national interest", Sir Richard called for its urgent overhaul.

He criticised present arrangements which gave the government "unfettered power to impose whatever export controls it wishes and to use those controls for any purposes it thinks fit". Sir Richard called instead for a licensing system and procedures "suitable for the peacetime requirements of a trading nation in the post-cold war era".

The department said yesterday that the picture painted by Scott of the government's export control regime was out of date and did not take account of subsequent

changes. The department pointed to a list of changes made since the late 1980s, including the creation of a central Export Control Organisation, improved co-ordination between government departments and the introduction of a range of revised procedures covering licence applications.

But such changes do not fully meet Sir Richard's concerns, and his report has won from Mr Ian Lang, trade and industry secretary, a commitment to publish a consultation paper on export controls and licensing procedures.

Sir Richard said that, in replacing the present legislative structure, the government should in particular re-examine its powers to control exports in peacetime and the extent to which they should be subject to parliamentary provision.

Instead of the present ad hoc arrangements covering licence applications he called for statutory procedures enabling them to be dealt with fairly and within a stated period. He also suggested an appeals procedure for rejected applications.

The government has said it is prepared to consider such proposals if there is enough support from exporters.

Police seek commercial sponsorship

By Alan Pike,
Business Services
Correspondent

The private sector is to be asked to contribute 1 per cent of North Yorkshire police force's budget under unusual proposals for commercial sponsorship.

North Yorkshire, which covers the biggest area of any single-county force in Britain, has appointed what it believes is the first sponsorship officer in the British police service. Private sector organisations will be offered the opportunity to raise their image through association with the "strong brand name" of the police.

Mr David Burke, chief constable of North Yorkshire, said: "For a long time now North Yorkshire police force has been struggling with a cash shortage which has made it increas-

ingly difficult to provide the service required by the public. Through the private sector, we aim to improve that level of service. This is a great opportunity for the business world."

Senior officers recognise that sponsorship may provoke public fears that the police service's integrity and neutrality are being undermined. But Mr Roy Philpott, the newly-appointed sponsorship and marketing officer, believes such concerns can be overcome. He is producing a sponsorship policy which will establish clear guidelines.

"The quality of police service to the public is the number one priority, and sponsorship will only be used to enhance that service," he said. "The integrity of the force is paramount and will not be compromised."

Mr Philpott's initial target is to attract sponsorship for 1 per

cent of the force's £89.7m annual budget. North Yorkshire has located private sector partners to provide radio cameras, speed enforcement which halt vehicles whose drivers ignore police instructions to stop. It also wants sponsors to help buy four-wheel-drive patrol vehicles for

remote country areas. Supportive motor manufacturers and dealers would be able to display their sponsorship logos on the vehicles.

The force believes companies may regard the police as an attractive sponsorship partner. It is highly visible, and is associated by the public with security.

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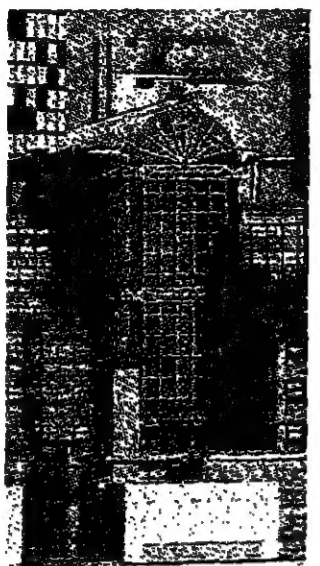
Unravelling the mysteries of Equitas

By Ralph Atkins,
Insurance Correspondent

Lloyd's of London plans to ensure its future by splitting into two. Past problems arising from insurance policies sold before 1993 - particularly the huge US pollution and asbestos-related liabilities - will be spun off into a new company, Equitas. "New" Lloyd's should then be free to regain its place at the centre of the world insurance industry.

Implementing the package will be far from easy. Many angry Names are bent on obtaining compensation - and, often, retribution. But the market's resources are stretched. The out-of-court offer - worth £2.8bn (£4.3bn) - is about capping excessive losses and writing off some money owed by Names, rather than making full refunds for losses. If Lloyd's does not strike a deal with Names refusing to pay debts, it could run low on money and have to stop taking new business.

What happened this week? Lloyd's set out principles for allocating the £2.8bn fund. It was a near-impossible task because of the difficulties in finding a workable deal while protecting the interests of those who paid debts while others refused. The document also had to judge how far to balance interests of litigating and non-litigating Names. Inevitably, everyone found some reason to moan. But nobody is going to give unqualified support at this



LLOYD'S
LLOYD'S OF LONDON

stage in negotiations. Who is offering what to whom?

The £2.8bn consists of £2bn in debt write-offs and the £800m contributed by insurers which covered Lloyd's professionals against negligence awards. Helping to fund the package, including the cost of setting up Equitas, will be the early release of profits earned in recent years, a levy on Names still underwriting, the sale of the famous headquarters build-

ing in the City, and contributions from agents and "new" Lloyd's. Can Names work out what the package means for them? Not yet, mainly because the cost of Equitas is still being calculated. Individual "indicative" statements are promised in early March but could be revised. Final statements are due late in May, and Names will be asked to accept or reject in June.

What do I need to know about Equitas? Equitas is a new company taking on old liabilities in return for a "reinsurance" premium. For Names, it is important because it will cap their liabilities, bringing certainty to their finances. Although still theoretically liable should Equitas fail, that would at last allow Names to sign a final cheque and leave - known in Lloyd's jargon as "finality". Because resources are being pooled, Equitas offers significant economies of scale. Names will have to pay for it, but the settlement offer will help.

Might the deal be rejected? This week's proposals would mean that once Names' deposits at Lloyd's had been exhausted, nobody would have to find more than £100,000 extra to pay for "finality". But many loss-making Names point out that £100,000 is still a lot of money - and drawing down on deposits secured on property could cost some their homes.

Names want a £50,000 cap. Will the £2.8bn be increased? Probably. Chairman David Rowland would not make guarantees this week but said Lloyd's was "working very hard to raise additional funds". Those could come from auditors and brokers working at the market and perhaps bank loans, levies on insurance premiums, or extra sums from Lloyd's agents handling Names' affairs.

What happens if the recovery plan fails? Lloyd's hints strongly that it would have to stop taking new business and paints an apocalyptic vision of Names' assets being snatched by insensitive government administrators to cover claims on policies already sold. At the very least, it would mean agonising uncertainty while the mess was sorted out.

Is May really the cut-off date? For Lloyd's to admit there was any flexibility would undermine its negotiating stance. It has also to pass regulators' solvency tests in August. But there might be some room for slippage.

Will Names who have spent most on expensive lawyers get most money? Under this week's proposals, 75 per cent of the £2.8bn would go to actively litigating Names. Lloyd's needs to see litigation dropped if its plans are to stand on a meaningful basis.

Why doesn't Lloyd's carry out "wealth checks" on Names to stop those who have refused to pay debts, despite having the funds, from benefiting? This is becoming an emotive subject. Many Names object strongly to the idea of "means-testing", which they regard as an insult. It is also unclear how many genuine "won't pay" there are.

There are practical problems, too. It would be impossible to investigate thousands of Names' affairs in the time available. And those who had carefully "distanced" assets would probably continue to escape notice even if Lloyd's attempted such an exercise.

Isn't there a "blacklist" of those excluded from the deal? Yes. Lloyd's council will exclude those "who have, through demonstrated misconduct, contributed to Names' losses". What - or who - that means has not been decided. But it could include prominent figures from Lloyd's past.

What has happened to the "hardship" scheme? Lloyd's old hardship scheme, which allowed the worst-hit Names to maintain a modest standard of living, is closing at the end of this month; by then, around 1,600 deals are expected to have been struck. The scheme allowed a joint disposable income of £17,500 a year and a modest house. But the recovery plan will include something akin to hardship. Those who cannot afford the £100,000 cap will be eligible, on a means-tested basis, to tap £150m set aside to help.

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مکان الیوم

Hewlett-Packard surprises with 31% rise

By Louise Kehoe
in San Francisco

Hewlett-Packard surprised Wall Street with a 31 per cent increase in net earnings for its first fiscal quarter, as the computer and electronics equipment manufacturer continued to outpace competitors.

The share price jumped more than 8 per cent to trade at \$334 in mid-session, up from Thursday's close of \$307.

Net earnings for the quarter, which ended on January 31, were \$790m, or \$1.50 a share. Wall Street analysts had been projecting earnings of about

\$1.35 a share. Earnings in the same period a year ago were \$602m, or \$1.15.

Revenues for the quarter climbed 27 per cent to \$9.3bn from \$7.3bn in the first quarter of fiscal 1995.

Revenues from US sales were \$3.8bn, up 20 per cent from the year-ago period, while international sales increased by more than 33 per cent to \$5.5bn.

Orders booked during the quarter were \$10.1bn, up 29 per cent - a strong indicator that HP's rapid growth will continue in the current quarter. In contrast to several of its largest competitors such as Inter-

national Business Machines and Digital Equipment, which are still recovering from periods of heavy losses followed by broad restructuring activities, HP is "firing on all cylinders", said industry analysts.

The company is the leading supplier of large-scale computers that run the Unix operating system, and has recently made a successful entry into the US home computer market.

Sales of HP's flagship DeskJet printers are also growing strongly, while the company's electronic instruments division achieved more than 20

per cent growth in the first quarter.

Even Mr Lew Platt, HP chairman and chief executive, who is generally conservative in his comments on earnings, could find little wrong with the first-quarter results.

The results were "a terrific start to the year", he said. "Our businesses executed very well, and we strengthened our competitive position in key markets."

Growth in HP's personal computer business was "outstanding" in the first quarter, Mr Platt said, while orders for the company's DeskJet

printers were "excellent".

Operating expenses rose 15 per cent in the first period, but declined as a percentage of revenues, to 22.6, compared with 24.9 per cent a year ago.

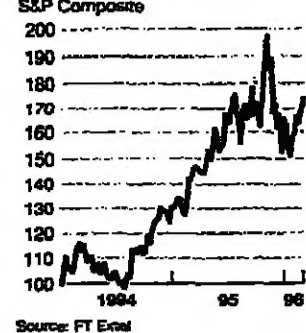
The only blemish on HP's quarterly report was a significant increase in inventories, which rose to 20.3 per cent of revenues from 16.5 per cent in the same quarter last year.

"We didn't do as well as managing inventory as we needed to," Mr Platt said.

Slowing economic growth in US and Europe could have an impact on HP's business in the year ahead, Mr Platt cautioned.

Hewlett-Packard

Share price relative to the S&P Composite



Source: FT Econ

However, he said: "There won't be any let-up in our efforts to build on what we accomplished this quarter."

Production cuts at Volvo could affect 1,000 jobs

By Hugh Carnegie
in Stockholm

Volvo, the Swedish vehicle manufacturer, said yesterday it was cutting its truck production capacity in Europe by almost 20 per cent because of weakening demand. The move is likely to affect 1,000 jobs in Belgium, Scotland and Sweden.

The decision came a day after the Wallenberg industrial empire announced the flotation of next month of 70 per cent of Scania, Volvo's big local rival.

The Wallenbergs hope the issue will not be hit by a recent fall-off in demand in several key world truck markets. Scania is expected to be valued at about \$5.3bn (\$4.3bn), making the global issue one of the biggest ever of its kind.

Volvo said it was lowering its European truck production ceiling from 43,000 vehicles a year to 35,000 as a boom in demand in the past two years had tailed off. Last year, Volvo's truck sales totalled 35,200 vehicles.

Like Scania, Volvo said it did not anticipate a dramatic lapse in truck sales in Europe this year, stressing that demand continued at a high level com-

pared with the depressed years of the early 1990s. But Volvo said it expected total European sales of heavy trucks to be below 1995 sales of 172,000.

Scania, which has production in France, the Netherlands, Poland and Sweden, said it had no plans to reduce output levels, adding that its order intake was stable as it introduced its new 4 Series range of trucks.

Volvo said the capacity cut, to be implemented by mid-year, would mean a surplus of about 1,000 workers in the present European truck division workforce of 15,000. It said it would seek to absorb this surplus through temporary layoffs, training schemes and other measures, but some redundancies were possible.

Volvo has truck component and assembly operations at sites in Sweden, at Ghent in Belgium and Irvine in Scotland. The reductions are expected to hit hardest the plants in Sweden and Belgium.

In December, Volvo announced cuts in production and jobs in the US and Brazil, both big markets for the producer. Scania has also experienced a fall in demand in Brazil, where it leads the market.

MGM sale details likely next month

By Alice Rawsthorn

The French government is expected by early next month to announce the timetable for the sale of MGM/UA, the Hollywood film studio.

Mr Frank Mancuso, president of MGM/UA, held meetings in Paris this week with government representatives and Mr Michel Rouger, chairman of Consortium des Réalisations (CDR), the public sector body to which the studio was transferred from Crédit Lyonnais, the state-controlled French bank.

They are understood to have discussed the recommendations made to CDR by Lazard Frères, the investment bank which is advising it on the sale.

However, CDR and the government are still considering those recommendations and are thought unlikely to take a final decision on the timing or structure of the sale for another few weeks.

Lazard Frères has already received informal approaches from a number of prospective bidders for MGM/UA, which is estimated to be worth between \$2bn and \$3bn.

Several European entertain-

ment groups are seen as potential purchasers, including PolyGram of the Netherlands, Germany's Bertelsmann and France's Chateaubert. There is also a possibility of US bids from Mr John Kluge, billionaire owner of Metromedia, and Mr Arnon Milchan of the New Regency film company. Mr Mancuso has previously expressed interest in staging a management buy-out.

One of the main issues under consideration is the timing of the sale. Crédit Lyonnais, which reluctantly acquired MGM/UA in a 1992 bankruptcy case, was originally given until May 1997 to reduce its holding to 25 per cent under US law.

The French are now considering starting the sale process this spring to avoid running up against the deadline and to capitalise on MGM/UA's recent run of box office hits including *GoldenEye*, *Leaving Las Vegas* and *Get Shorty*.

Another issue is deciding what to include in the sale. Among MGM/UA's assets are films rights for productions including *When Harry Met Sally* and *The Fabulous Baker Boys*, that Crédit Lyonnais acquired from production companies defaulting on loans.

Thorn EMI chooses its year-end to announce demerger

By Alice Rawsthorn

Thorn EMI, one of the UK's largest leisure groups, is expected on Tuesday to confirm that it is proceeding with proposals to demerge its music and rental businesses by the end of this year.

The demerger, which has been under consideration since the summer, could pave the way for an eventual bid for EMI Music, one of the world's biggest record companies which includes the Beatles, Radiohead, Blur, Supergrass, the Rolling Stones and Smashing Pumpkins among its artists.

Thorn EMI declined to comment yesterday on whether the board had taken a final decision over the demerger. However, Sir Colin Southgate, chairman, is expected to use the publication of the group's third-quarter results on Tuesday to announce that it has

decided to go ahead.

It should take roughly six months for the board and its advisors to prepare formal proposals for shareholders, who will then vote on the issue, and, assuming they approve, the process should be completed in late autumn.

After the demerger the Thorn rental businesses, which include the Radio Rentals chain in the UK and Rent-A-Center network in North America, will be quoted separately from EMI Music. Goldman Sachs estimates the value of the Thorn businesses at £1.78bn and EMI Music at £5.81bn.

Analysts expect Thorn EMI to announce strong results on Tuesday. Mr Greg Feehely, leisure analyst at Kleinwort Benson, anticipates a 29 per cent increase in profits before tax and exceptional items to £430m for the nine months to December 31.

S American growth lifts Telefónica

By Tom Burns
in Madrid

Expansion in Latin America helped to hoist net attributable income at Telefónica, Spain's government-controlled telecom group, to Ptas133bn (\$1.1bn) last year. The figure, which was 18.3 per cent up on the Ptas112.6bn posted in 1994, was ahead of market expectations.

The sharp improvement was chiefly attributed to the consolidation of CTC-Chile and Telefónica de Peru, the main subsidiaries owned by Telefónica Internacional (Tisa). Revenues earned by the Tisa unit, the biggest foreign operator in Latin America, advanced 27 per cent to Ptas275.5bn, and represented 15.9 per cent of Telefónica's total revenues.

At the end of last year, Tisa unveiled ambitious investment programmes in

Latin America, including the creation of a significant presence in Mexico and the acquisition of cable companies in Argentina and Chile.

Earnings details from Telefónica's mobile telephone business were not released, but the group is understood to be seeing a strong increase in its income from this sector.

Subscribers of cellular phones stood at just over 600,000 at the midway stage last year, and the mobile unit had generated income of Ptas33bn, 55 per cent up on the previous 12 months.

Telefónica had 825,555 cellular subscribers at the end of last year, and this total is expected to increase by 50 per cent in 1996.

The group's cash flow was up 11.5 per cent to Ptas63.1bn, allowing a high proportion of self-financing for investments. The group's consolidated investment totalled Ptas65.6bn last year, 18.1 per cent down on

1994. Earnings per share were up 18.2 per cent to Ptas141.

The group's operating profit rose by 18 per cent, from Ptas366.9bn in 1994 to Ptas510.1 last year.

Telefónica said its workforce had been reduced by 3.3 per cent last year, to 89,543, and the ratio of installed telephone lines per employee stood at 225 at the end of 1995, against 212 a year earlier. The group is due to shed some 7,000 jobs, just over 10 per cent of its current workforce, over the next five years.

A sale of Telefónica shares in October, which lowered the government's equity in the company from 32 per cent to 20 per cent, raised a total of Ptas155bn.

Further disposals will bring the government's equity down to a token presence by 1998 when the domestic telecoms sector will be wholly deregulated.

'Outsider' joins GrandMet board

By David Blackwell

Grand Metropolitan, the food and drinks group, has appointed an American with expertise in international brands and marketing to head IDV, its drinks division.

Mr John Keenan, known as Jack, retired at the end of March from Philip Morris, the US tobacco and food group, aged 58. He is the first outsider to be brought into GrandMet at board level since Mr Maxwell Joseph, founder of the group, hired Lord Sheppard to run the breweries division in 1975.

Lord Sheppard, aged 63, will on Monday chair his last annual meeting and will retire at the end of the month. Mr John McGrath, who has headed IDV since 1992, will then become chief executive, while Mr George Bull moves from chief executive to chairman.

The appointment of Mr Keenan marks the end of the changes at top level. Mr Bull said yesterday that his background in consumer businesses in international markets "will make him a powerful leader for IDV and an excellent fit with the GrandMet brand".

Mr Keenan is retiring as chairman of the Kraft Foods International subsidiary of Philip Morris, where he increased revenues by \$80n to \$11bn over eight years. Kraft is



Jack Keenan: First outsider to be brought in at board level since Lord Sheppard was hired in 1975

the world's biggest coffee group, whose brands include Kenco and Maxwell House. It also owns Jacobs Suchard, and the international cheese brands Danbrey and Philadelphia.

Some City analysts suggested yesterday that Mr Keenan would be a caretaker head of IDV while younger managers worked through the company organisation. However, he vehemently rejected this label, stressing that he

will be working until a second retirement at 65.

GrandMet confirmed that this was the plan, pointing out that only employees on the group pension plan had to retire at 62.

Mr Keenan said the drinks industry was better suited to global branding than food, where global thinking often had to be adapted to local conditions. "Smirnoff is Smirnoff in IDV's leading vodka brand."

Mr Keenan dismissed any suggestion that drink prices should be cut to increase sales volumes. "You first need to understand the earnings capacity of the company, and then work out how to enhance it," he said.

He would be concentrating on clear market segmentation, the development of new brands in the wake of successes like the Malibu coconut drink, and the development of sales to new markets.

Burmah sales in Turkey and Chile

By Simon Kuper

Burmah Castrol, the lubricants, chemicals and fuels group, is to sell its filling station networks in Turkey and Chile for \$4.5bn and \$200m respectively. It intends to buy the lubricants side of the business in Turkey for \$35m.

Burmah also expects to complete the sale of Uno-X, its Swedish fuels network, within the next two or three months. Last July Burmah sold its UK fuels business to Frost Group for \$23m.

Fuel retailing now accounts for less than 7 per cent of group's sales, which are expected to total £3.25bn in 1996.

"Today confirmed our exit from the fuels retailing business as a major part of the group," said Mr James Alexander, corporate affairs director.

"The fuels businesses have always been outside our core strategy," he said, adding that Burmah had retained them for their cash flow.

The group is to sell its petrol retailing stake in the Turkish joint venture to its partner Turpetrol Group. It will then spend \$35m of the proceeds on the joint venture's lubricants business.

The joint venture reported pre-tax profits of TL665.2bn for the six months to June 1995, with net assets of TL2.94bn,

of which about a third is related to lubricants.

Burmah is selling its 50 per cent interest in the Comar joint venture in Chile, together with Comar's holding company, to Costanera, its Chilean partner.

● COMMENT

Burmah is right to move out of fuels, a competitive market in which it has lacked critical mass since selling its UK fuels business last summer. Analysts believe the group achieved good prices for yesterday's sales, but the disposals and the purchase should have a broadly neutral impact on underlying earnings.

Birse back in profit

By Patrick Harverson

Birse Group, the contracting and plant hire company which is gradually withdrawing from the troubled housebuilding and commercial property sectors, has returned to profit for the first time in five years thanks to a big increase in its construction workload.

Birse made pre-tax profits of £385,000 in the six months to October 31, against losses of £878,000 a year earlier. Turnover jumped 31 per cent to £202m and operating profits rose to £1.33m (£270,000).

The company's shares rose 3p to 174p on news of the recovery. They were also helped by a surprisingly upbeat statement from the company about its trading prospects in construction.

Birse predicted turnover in the business would rise 25 per cent this year.

Pre-tax profits rose from £5m to £22.5m as the group's underwriting result swung from a loss of £510,000 to a profit of almost £17m. The turnaround lifted earnings per share to 9.6p (2.2p) and allowed the company to pay a second interim of 1.4p.

Although Trade Indemnity has traditionally been strongest in its domestic market,

Excalibur £9m disposal

By Patrick Harverson

Shares in Excalibur rose 24p to 20p yesterday when the precision engineering and consumer products group announced it was selling its Lifetime Entertainment subsidiary to Broomeco, a management buyout company, for \$9.2m.

The board has decided its inconsistent earnings record gave it no place within the group's ongoing activities. The sale is made up of £7.7m

cash and a further £1.5m loan notes redeemable over the next three years. In the event that the notes are not redeemed, Excalibur has the option to convert them into Broomeco equity to a maximum of 16.3 per cent of Broomeco's enlarged share capital.

The disposal will result in goodwill of £4.5m written off to reserves on acquisition, being recredited and then charged to the profit and loss account.

Sharp rise for Trade Indemnity

By Patrick Harverson

Trade Indemnity, the credit insurer which earlier this month agreed to a £177m takeover by Compagnie Financière SFAC of France, yesterday reported a sharp improvement in annual profits following a big recovery in its underwriting performance.

Pre-tax profits rose from £5m to £22.5m as the group's underwriting result swung from a loss of £510,000 to a profit of almost £17m. The turnaround lifted earnings per share to 9.6p (2.2p) and allowed the company to pay a second interim of 1.4p.

Although Trade Indemnity has traditionally been strongest in its domestic market,

the bulk of the company's recent growth has come from expansion into the export business, offering credit insurance to UK companies selling their products overseas and to foreign companies.

Trade Indemnity said its growing ability to underwrite and service multinational business, often in collaboration with other European credit insurers, was a key factor in last year's improvement in its underwriting result.

The improvement in profits was also put down to the more favourable conditions in world equity and bond markets, which contributed to a rise in investment income to £5.5m (£5.9m). Strong stock and bond markets also helped boost the value of

shareholders' funds by 10.1 per cent to £61.7m, which means almost all of the ground lost to volatile financial markets in 1994 was regained.

Yesterday's results will be the last reported by Trade Indemnity before its acquisition by SFAC is completed. The company accepted the 97p per share offer because its business was becoming more global and because on its own it would have lacked the capital needed to invest in the information technology required to service an increasingly international client base.

The union between Trade Indemnity and SFAC will create the world's largest credit insurance group.

EFM seeks to keep Dunedin's US clients

By James Buxton, Scottish Correspondent

Edinburgh Fund Managers, the Scottish investment group, will launch an attempt next week to keep the remaining North American clients of Dunedin Fund Managers, its troubled Edinburgh rival with which it is merging in a deal worth \$28.25m.

The merger will more than double the size of EFM, creating a group with funds under management of \$3.2bn. EFM is paying for Dunedin with a placing and open offer, which has been fully subscribed by institutions and will raise about \$75m.

Bank of Scotland and the four investment trusts which own Dunedin - of which the biggest is Edinburgh Investment Trust - decided to sell after a crisis last year in the running of Dunedin, in which key fund managers as well as the executive chairman and his deputy resigned.

Dunedin currently has \$4.8bn of assets under management, of which just over £1bn consists of North American pension funds. The management contracts automatically lapse with the change of ownership and EFM must pitch for them.

About half of the North American money which Dunedin was managing before the crisis in late October has already been moved.

The effective purchase price is £77.25m, after subtracting Dunedin's \$8m in cash. EFM says the merger will be earnings enhancing.

It will retain Dunedin's back office in Dundee and next year

will move its own back office processing there from WM Company, to whom it has outsourced this work.

The placing and open offer is on a 3-for-5 basis at 675p per share, compared with last night's close of 715p.

British Investment Trust and American Trust, which between them own 60.6 per cent of EFM, are voting for the offer but not taking up their rights. This means that BIT will reduce its holding from 32.5 per cent to 32.8 per cent.

In the year to January 31, EFM's pre-tax profits fell from £13.7m to £12.8m and earnings per share from 48.7p to 45.4p.

Turnover of £23.9m (£18.6m) reflected the sale of EFM's private client business and lower share prices in the Far East.

The final dividend of 17p (16p) makes a total for the year of 25p (24p).

COMMENT

This is a highly satisfactory outcome of the disastrous Dunedin affair. EFM gets a wider spread of assets and BIT's reduced stake means it is no longer dominated as much by one of its clients. The price represents 1.3 per cent of Dunedin's funds under management, which would look cheap were it not for the question mark over the £1bn in North America. Analysts added \$2m to their 1996/97 forecast for EFM of £13.5m, making £22m. That would add 3p to earnings per share, making 48p, putting the shares on a prospective p/e of 14.5, which looks a reasonable buy.

Trust launched to follow life insurers

By Roger Taylor

The expected wave of takeovers and flotations among UK mutual life assurance companies has prompted the launch of an investment fund.

The Life Offices Opportunities Trust (Loot), a new trust from Edinburgh-based Scottish Value Management, plans to take advantage of special bonus payments and share distributions resulting from restructuring of life offices.

Last year a number of mutually-owned building societies announced takeovers and flotations resulting in large bonuses for savers and borrowers. Similar changes among mutual life offices would mean bonuses for holders of with-profit policies.

Norwich Union, the mutual insurance company, has already announced that it is

considering a flotation. Others, such as Scottish Amicable, are rumoured to be considering similar moves. Mr Colin McLean, a director of Scottish Value Management, said Loot would invest in second-hand endowment policies. Endowments can be bought and sold through market makers which survive by paying a better price than the low surrender values offered by life assurance companies.

Mr McLean said the trust would target those life companies most likely to restructure. "We will be putting more of our money into Norwich Union policies than into a company like Standard Life, which is less likely to change," he said that change in the life assurance industry would mean that life offices would come under pressure to cut costs and improve investment returns.

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This advertisement should be read in conjunction with the prospectus relating to the securities mentioned below dated 16th February 1996 (the "Prospectus"). Application has been made to the London Stock Exchange for the securities mentioned below to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence on 12th March 1996.

Life Offices Opportunities Trust plc

(Incorporated in Scotland under the Companies Act 1985 with registered number 162841)

Placing and Intermediaries Offer

of up to 25,000,000 ordinary shares of 75p each at 100p per share, payable in two instalments of 50p each, sponsored by James Capel & Co., Limited

Of the above 25 million ordinary shares, up to 5 million ordinary shares are being offered to intermediaries. Members of the public or institutions wishing to apply for ordinary shares in the intermediaries offer must do so through intermediaries which are regulated by the Securities and Investments Board Limited. An application under the intermediaries offer must be made on an application form available from James Capel & Co. Limited so as to be received with funds for the amount payable not later than 12 noon on 1st March 1996.

Copies of the Prospectus are available for collection during normal business hours from the Company Announcements Office, the London Stock Exchange, Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2 up to and including 19th February 1996.

Copies of the prospectus are also available from:

James Capel & Co. Limited
Thames Exchange
10 Queen Street Place
London EC4R 1BL

Scottish Value Management
Limited
2 Canning Street Lane
Edinburgh EH3 8ER

Life Offices Opportunities Trust plc
2 Canning Street Lane
Edinburgh EH3 8ER

Institutions threaten over standards

		Turnover (\$m)	Pre-tax profit (\$m)	EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Unilever	5 months to Dec 31	202.3	(153.5)	0.8258 (0.8701)	0.1 (0.2)	-	-	-	-
Edinburgh Fertil	Yr to Jan 31	129.9	(23.9)	12.50 ^a	45.4	May 20	16	25	24
Lloyds TSB	Yr to Dec 31	6,950.0	(5,770)	1,650 ^a (1,792)	19.2	May 17	-	-	34
Roche	Yr to Dec 31	860.1	(734.6)	214.5 (177)	14.22	May 18	2.44	4.2	2.5
Trade Indemnity	Yr to Dec 31	72.3 ^d	(59.5 ^a)	22.5 (6)	9.6 (2.2)	-	0.6	1.9	1
Investment Trusts									
		NAV (p)	Attributable Earnings (\$m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Barclay Telford	Yr to Dec 31	431.9	(371.7)	3.06 (2.97)	7.53 (6.78)	Apr 15	5.05	7.2	6.75
City Investments	Yr to Dec 31	148	(140.7)	2.77 (2.08)	11.05 (10.33)	Apr 30	2	9.5	9
Hong Kong	6 months to Dec 31	53.56	(56.34)	0.101 (0.163)	0.49 (0.81)	Mar 26	0.75	0.75	0.75
Jupiter Int'l Green	Yr to Dec 31	127.4 ^a	(112.1)	3.86 (1.92)	3.95 (4.06)	Mar 29	1.9	3.9	3.6
Thamesmeads	Yr to Nov 30	82.9	(78.9)	8.18	2.91 (2.31)	Mar 29	1.4	3.3	3.2

Corresponding share dividends attributable to shareholders in preceding year

\$USM stock. ■ Total income. ♦ Net written premiums. ★ Comparisons restated. ☆ Nav per unit.
 After exceptional charge. ♥ After exceptional credit. † On increased capital. Ⓢ 4th stock.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper casts a shadow

Copper's bearish fundamental outlook cast a lengthening shadow over other base metals markets at the London Metal Exchange this week, but some still managed to end with overall gains.

The announcement of LME copper stocks rises of 5,275 tonnes on Tuesday and 6,250 tonnes yesterday took the total to 356,800 tonnes, the highest since October 1994. Partly in response to that the three months delivery price closed down \$22 on the day and \$89 on the week at \$2,470.50 a tonne.

LME WEEK-END STOCKS (As at Thursday's close)	
Aluminium	4,175 to 662,825
Aluminium alloy	1,520 to 69,620
Copper	4,250 to 356,800
Lead	8,500 to 108,500
Nickel	10,750 to 38,750
Zinc	1,225 to 643,650
Tin	55 to 10,485

just \$30 above the recent 17 month low.

There were signs of speculative buying interest at the lower level, but dealers said market sentiment remained decidedly bearish. "Copper has a knack of recovering," one told the Reuters news agency, "but it is one step forward, two steps back."

The lead market was clearly affected by the mood in the copper ring, although its own fundamentals and sentiment remained far more upbeat. With stocks already at a low level and expected to shrink further the overall trend in lead prices has been upwards so far this year. LME stocks of the metal fell another 7,125 tonnes this week to 106,500 tonnes and the three months price closed at \$771.50 a tonne, up \$12 on the week. Earlier it had peaked at \$776 a tonne, just \$1 short of its recent five-year high. Traders told Reuters that clearance of that level would leave the market poised for a medium term rally towards \$800 a tonne.

In a report published this week the Economist Intelligence Unit warned consumers of lead to expect high prices and increased price volatility as the run-down in stocks continued. It suggested the average price this year could be 20 per cent higher than in 1995.

The EIU, in its latest Industrial Raw Materials report, forecast that lead's supply-demand deficit - 70,000 tonnes last year - was likely to grow to 110,000 tonnes in 1996, taking the reported stocks total down to the equivalent of only 4.5 weeks' consumption by the end of the year. That would be partly offset, it said, by a continuing high level of unused stocks, though those stocks were also expected to be below previous levels.

"The [lead] market will become a target for investment fund interest as shortages emerge," the EIU said, "and this will exacerbate volatility."

The other LME market to end the week with net gains was zinc. Here too, however, the impact of copper's weakness was apparent as news of a fall in LME stocks yesterday failed to prevent prices being trimmed.

After a week of see-sawing movements the three months aluminium price finished back at square one - unchanged at \$1,615 a tonne. In view of a continuing rise in stocks, however, that was seen as a relatively creditable performance.

The gold market also held relatively steady following last week's sharp sell off. At last night's close on the London Bullion Market the price stood at \$404.40 a troy ounce, up 40 cents on the day but down \$1.10 on the week.

The London market had been rather hesitant in the morning as dealers debated the potential attitude of New York traders ahead of their long weekend (the Presidents' Day holiday is on Monday) and market breaks in Asia for the lunar new year. In the event there appeared to be more covering of short positions than of long and early morning losses were recouped.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1995/96	Low
Gold per troy oz.	\$404.40	-1.10	\$378.40	\$416.40	\$373.00
Silver per troy oz.	\$366.50	-2.00	\$300.15p	\$378.90p	\$297.90p
Aluminium 99.7% (cash)	\$1,615.00	-0.00	\$1,680.50	\$2,148.50	\$1,592.50
Copper Grade A (cash)	\$2,470.50	-22.50	\$2,498.00	\$2,714.00	\$2,356.50
Lead (cash)	\$771.50	+12.00	\$759.50	\$774.00	\$736.50
Nickel (cash)	\$28,750	-17.50	\$28,420.00	\$30,100.00	\$26,975.00
Zinc SHG (cash)	\$1,038.00	-3.00	\$1,032.50	\$1,016.50	\$995.50
Tin (cash)	\$10,485	-55.00	\$10,430.00	\$11,775.00	\$9,095.00
Cocoa Futures Mar	\$2,925	-7.00	\$2,932.50	\$3,075.00	\$2,803.00
Coffee (LDP) Mar	\$917.00	+3.00	\$925.50	\$978.10	\$878.50
Wheat Futures Mar	\$118.50	-1.10	\$116.00	\$119.00	\$111.00
Soybean Futures Mar	\$44.50	-1.70	\$43.00	\$45.50	\$41.50
Oil (Brent Blend)	\$17.20	-0.05	\$17.15	\$17.20	\$16.50

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM 99.7% (per tonne)

	Cash	3 mths
Close	1614.5-1615	1614-42
Previous	1614.5-1615	1614-42
High/Low	1614.5-1615	1614-42
AM Official	1614.5-1615	1614-42
Karb close	1614.5-1615	1614-42
Open int.	217,046	
Total daily turnover	44,483	

ALUMINIUM ALLOY 5 (per tonne)

	Cash	3 mths
Close	1350-70	1345-40
Previous	1350-70	1345-40
High/Low	1350-70	1345-40
AM Official	1350-70	1345-40
Karb close	1350-70	1345-40
Open int.	4,865	
Total daily turnover	1,209	

LEAD (per tonne)

	Cash	3 mths
Close	771-72	771-72
Previous	771-72	771-72
High/Low	771-72	771-72
AM Official	771-72	771-72
Karb close	771-72	771-72
Open int.	35,528	
Total daily turnover	6,208	

NICKEL (per tonne)

	Cash	3 mths
Close	2875-40	2875-40
Previous	2875-40	2875-40
High/Low	2875-40	2875-40
AM Official	2875-40	2875-40
Karb close	2875-40	2875-40
Open int.	40,828	
Total daily turnover	4,487	

ZINC (per tonne)

	Cash	3 mths
Close	1038-00	1038-00
Previous	1038-00	1038-00
High/Low	1038-00	1038-00
AM Official	1038-00	1038-00
Karb close	1038-00	1038-00
Open int.	15,427	
Total daily turnover	2,538	

ZINC, special high grade (per tonne)

	Cash	3 mths
Close	1037-5-6.5	1037-5-6.5
Previous	1037-5-6.5	1037-5-6.5
High/Low	1037-5-6.5	1037-5-6.5
AM Official	1037-5-6.5	1037-5-6.5
Karb close	1037-5-6.5	1037-5-6.5
Open int.	72,232	
Total daily turnover	30,894	

COPPER, grade A (per tonne)

	Cash	3 mths
Close	2481-94	2481-94
Previous	2481-94	2481-94
High/Low	2481-94	2481-94
AM Official	2481-94	2481-94
Karb close	2481-94	2481-94
Open int.	178,219	
Total daily turnover	51,688	

LME ALUMINIUM 99.7% (per tonne)

	Cash	3 mths
Close	1549.3	1549.3
Previous	1549.3	1549.3
High/Low	1549.3	1549.3
AM Official	1549.3	1549.3
Karb close	1549.3	1549.3
Open int.	15,427	
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LME ZINC, special high grade (per tonne)

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Previous	1037-5-6.5	1037-5-6.5
High/Low	1037-5-6.5	1037-5-6.5
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Previous	1037-5-6.5	1037-5-6.5
High/Low	1037-5-6.5	1037-5-6.5
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High/Low	1037-5-6.5	1037-5-6.5
AM Official	1037-5-6.5	1037-5-6.5
Karb close	1037-5-6.5	1037-5-6.5
Open int.	72,232	
Total daily turnover	30,894	

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

	Sett	Day's	High	Low	Open
Feb	423.3	+1.9	425.5	423.5	424
Mar	423.3	+1.9	425.5	423.5	424
Apr	423.3	+1.9	425.5	423.5	424
May	423.3	+1.9	425.5	423.5	424
Jun	423.3	+1.9	425.5	423.5	424
Jul	423.3	+1.9	425.5	423.5	424
Aug	423.3	+1.9	425.5	423.5	424
Sep	423.3	+1.9	425.5	423.5	424
Oct	423.3	+1.9	425.5	423.5	424
Nov	423.3	+1.9	425.5	423.5	424
Dec	423.3	+1.9	425.5	423.5	424
Total	423.3	+1.9	425.5	423.5	424

PLATINUM NYMEX (50 Troy oz; \$/troy oz)

	Sett	Day's	High	Low	Open
Feb	927.2	+7.7	934.9	924.5	927.2
Mar	927.2	+7.7	934.9	924.5	927.2
Apr	927.2	+7.7	934.9	924.5	927.2
May	927.2	+7.7	934.9	924.5	927.2
Jun	927.2	+7.7	934.9	924.5	927.2
Jul	927.2	+7.7	934.9	924.5	927.2
Aug	927.2	+7.7	934.9	924.5	927.2
Sep	927.2	+7.7	934.9	924.5	927.2
Oct	927.2	+7.7	934.9	924.5	927.2
Nov	927.2	+7.7	934.9	924.5	927.2
Dec	927.2	+7.7	934.9	924.5	927.2
Total	927.2	+7.7	934.9	924.5	927.2

PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

Apr	427.3	+3.1	427.9	425.0	1,716
Jul	429.7	+3.1	430.0	428.5	191
Dec	429.0	+3.1	431.5	431.5	111

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday February 17 1996

Bank sends a Valentine

Mr Major's government has taken a heavy battering over the past eight days. First, there was the dreadful news that the IRA had returned to its murderous ways. Then, on Thursday, there landed the long-awaited and highly critical report of Lord Justice Scott on exports of arms to Iraq. Yet all was not gloom for Mr Major and friends.

The IRA may loathe his government: Lord Justice Scott may declare that its statements on defence exports "failed to discharge the obligations imposed by the constitutional principle of ministerial accountability"; but the Old Lady of Threadneedle Street chose St Valentine's day to send an amorous message. True, this did not look like a love letter. It looked like the Inflation Report - 51 pages of sober text and complex charts. But inside was the Bank's apparent consent to the chancellor's widely expected requests for lower interest rates.

"The Bank's central projection for inflation has fallen since the November Report," said the Old Lady to her suitor. More important, "the Bank's judgment is that it is a little more likely than not that inflation will be somewhat below 2½ per cent in two years' time".

Yet the Bank is coy. It may recognise the health of the economy and admit that recent growth in demand has been too weak, but it frets about excessive monetary emission. The chances of hitting the target rate of inflation - below 2½ per cent in two years' time - are, it declares, only a little under 55 per cent. Furthermore, inflation is expected to be on a rising trend towards the end of the forecast period.

Its greatest worry is over the growth of broad money. In the three months to December, M4 grew at an annualised rate of 11.4 per cent, up from 9.9 per cent in September. The Bank's conclusion is that this acceleration "is signalling higher planned spending in the future, although it is too soon to tell whether recent growth rates of broad money will persist".

Behind the growth

What lies behind the monetary growth is the improved capital position of the banks, as one of the chancellor's wise human beings, Professor Tim Congdon, points out in his latest bulletin. The banking system seems to suffer from a peculiar incontinence. Whenever it has excessive capital, it expands lending until the need to write off the resulting bad loans eliminates the excess capital. Maybe that will happen this time, but it is far too early to tell. In the

long run credit cannot safely expand at between 7 per cent and 8 per cent in real terms in an economy growing at only 2 per cent to 3 per cent. But right now the economy could do with a strong stimulus to demand.

For what emerges in this report is the strength of the UK's supply-side potential. The Bank notes that since the beginning of 1993, unemployment has fallen steadily, while real earnings have barely increased. "This might," concludes the report "reflect the gradual impact of changes to labour market institutions and to the composition of employment and unemployment, leading to a fall in the level of unemployment consistent with stable wage inflation, for a given monetary stance." What does this verbiage mean? It means unemployment does not need to be this high to keep inflation below target.

The big question

The big question, however, is whether faster growth of demand over the next few years can be turned into faster underlying growth over the long term. The link between the two is investment. Foodgood factor or none, consumption has been expanding at its long-term trend rate since the beginning of 1994. But real spending on capital projects fell by 1.1 per cent in the third quarter of 1995 and was up only 1.6 per cent on the same quarter of 1994.

Higher investment is needed, both to expand demand in the short term and, more important, to strengthen supply capacity in the longer term. It is surprising, in fact, that investment has not been stronger, given excellent profitability, strong equity markets and a sustained recovery. Yet the ratio of investment to gross domestic product has fallen since the recovery began. This is so puzzling that some suspect investment has been underestimated.

Investment-led growth is what the economy needs most. There is also a good chance that it will happen, provided demand does expand more rapidly than potential supply for some time. But then another problem is likely to emerge. With consumption still at the historically high level of some 64 per cent of GDP, how would higher investment be financed?

If anything could bring to a halt what looks now to be the most promising British recovery for a generation, it would be the combination of an unsustainably rapid expansion in consumption, investment and exports. But that is not the chancellor's current worry. For the moment he should be able to enjoy his love letter.

Escape after the storm

Ministers' heads are unlikely to roll after the Scott report because of two crucial phrases supporting their integrity, says Robert Peston

Two little phrases in Sir Richard Scott's report into the sale of military equipment to Iraq in the late 1980s have probably let the UK government and two senior ministers off the hook.

Its 1,806 pages, produced after three years of exhaustive investigations, present a catalogue of ministerial incompetence, the misleading of parliament and a culture of obsessive and excessive government secrecy. Yet the heads of ministers will almost certainly not roll, for all the pressure that the opposition parties will exert in the next few days.

Sir Richard, a senior high court judge, gives damning indictments of two serving ministers: the attorney general, Sir Nicholas Lyell, and the Treasury chief secretary, Mr William Waldegrave, a junior foreign office minister from 1988 to 1990.

However, Sir Richard accepts that Mr Waldegrave did not have any "duplicitous intention" and that Sir Nicholas was "personally, as opposed to constitutionally, blameless" for a failure to pass on important information to the judge in the Matrix Churchill trial.

Because of these brief judgments of what was in the minds of the two ministers, the prime minister has been able to resist pressure for them to be sacked.

If, as the report strongly suggests, they carried out some of their duties incompetently, that is apparently an insufficient reason for them to leave Mr John Major's government. The prime minister can point to Sir Richard's view that their hearts were in the right place and insist that is what matters.

There was widespread puzzlement yesterday as to why Sir Richard felt the need to comment on their decency at all. "You would be hard pressed to find two more straight individuals," commented an opposition frontbencher. "But surely that is an irrelevant consideration. All that Scott was supposed to give his view on was whether they did anything wrong - and on that point he is unambiguous. They did."

The report's criticism of them is trenchant. It says that in late 1988, three ministers, including Mr Waldegrave, relaxed the strict embargo on the sale of military equipment to Iraq. "It is clear, in my mind," Sir Richard says, "that policy on defence sales to Iraq did not remain unchanged." This is a view he repeats frequently, describing statements to the contrary as "untrue" and "not accurate".

Yet in a series of letters to MPs and members of the public in 1989, Mr Waldegrave insisted that policy was unaltered. And Sir Richard says that answers to questions in both the Commons and the Lords "failed to inform parliament of the current state of government policy". Government statements about defence export policy were therefore "inadequate and misleading".

Sir Richard, in stark contrast to his professed confidence that Mr Waldegrave was not duplicitous, also insists "Mr Waldegrave knew,



first hand, the facts that, in my opinion, rendered the 'no change in policy' statement untrue".

The UK government's defence - which it put to Sir Richard and has repeated in the past couple of days - that three junior ministers cannot as a matter of constitutional theory be responsible for a policy change is dismissed by the judge as "sophistry".

Misleading the House of Commons is a serious parliamentary offence. It is, therefore, significant that only minutes before the report was published on Thursday afternoon, Mr Major said that a minister would be unable to stay in his government only if "I judge" - not whether Sir Richard judged - that a

minister had "knowingly misled the House".

The judge's case against Sir Nicholas is almost as comprehensive as that against Mr Waldegrave. As attorney general, he was responsible for a series of ministers signing public interest immunity or PII certificates, which were designed to withhold documents from the 1992 trial of three directors of Matrix Churchill, the machine tool company. They were prosecuted for exporting military equipment to Iraq, in breach of the UK government's supposed embargo. The proceedings collapsed after it was disclosed that the government knew of the exports.

Sir Richard makes a barrage of

How the FT broke the story in 1989

Matrix-Churchill admits machinery sales to Iraq

By Nick Garnett and Richard Donkin

MATRIX CHURCHILL, the Coventry-based machine tool company named in the BNL affair, yesterday confirmed it had sold to Iraq machine-

to Iraq and Iran. Both these forlorn supply of lethal weapons or equipment that could significantly enhance the military capacity

criticisms about Sir Nicholas's interpretation of legal precedent in his use of the PII certificates. The response of the government and Sir Nicholas is simply to say that the report is wrong, that assorted legal experts have consistently backed their approach and that Sir Richard is not a recognised expert in this area.

But underlying this debate on legal niceties is a more serious complaint: that the government arrogantly and unthinkingly put a premium on secrecy in relation to any activities in the defence field.

Even when it was clearly in the interests of justice for documents to be disclosed in a court case to assist the defendants, and when disclosure posed no possible threat to national security or the more fundamental interests of government, papers were withheld.

Such was the culture of secrecy, ministers did not even bother to read the documents they chose not to pass to the court.

Only Mr Michael Heseltine, now deputy prime minister, had reservations about signing the PII certificate, and receives great praise from Sir Richard for his stance. But his conscientiousness serves to tarnish others who did sign, such as the chancellor, Mr Kenneth Clarke, the foreign secretary, Mr Malcolm Rifkind, and the social security secretary, Mr Peter Lilley - although they were cleared of any conspiracy.

The incident also furnishes Sir Richard with his most telling attack on Sir Nicholas, who is criticised for failing personally to ensure that Mr Heseltine's concerns were raised with the Matrix Churchill judge. "I do not accept that he [Sir Nicholas] was not personally at fault," Sir Richard says.

Sir Richard's clear preference is for openness and transparency in government. But if ever there was a sign that his views have not been heeded it has been in the manner in which the government has responded to his report.

With the benefit of eight days to study it - compared with just three hours for two nominated individuals from Labour and the Liberal Democrats - the government publicity machine bombarded journalists and MPs with papers and briefings identifying the small number of phrases helpful to its cause.

Many of the points it made would have been more appropriate had they been put out by the Conservative party's central office. But a

somewhat subjective analysis of the report had the imprimatur of Downing Street and other government departments, which are not supposed to stray into party conflicts.

However, the stakes were high for the government. In the great parliamentary game, the media's first impressions, especially the initial line taken in television news broadcasts, can be very important in determining whether ministers survive. And the widespread and almost immediate view among newspaper and television journalists that the ministers were safe was a significant achievement for the government.

Now Labour and the LibDems - in a joint campaign which is likely to herald further co-operation in the run-up to the general election - have the difficult task of persuading the UK electorate that Mr Major's refusal to sack Mr Waldegrave and Sir Nicholas is a scandal.

Whatever resonance the Scott report has in the Commons, it is highly technical and complex. Many people will probably agree with the Sun newspaper's analysis of "10 things you can do with the report", such as "resurface the M6... the 2,400 pages laid end to end would stretch a third of a mile".

But only if the opposition parties can generate public outrage is there any possibility of Tory MPs breaking ranks and voting against the government in a debate on the affair on Monday week.

The scale of the challenge was summed up by Sir Teddy Taylor, the often rebellious Tory MP for Southend East yesterday. He had no doubt that Sir Richard's criticisms were telling: "The report says you were seen throwing a brick through a window. I have a photograph to prove you threw a brick through a window, but you didn't realise it was a brick or a window."

Would he therefore vote with the opposition? "I think it will be very difficult for the traditional trouble-makers to cause trouble on this," he said. This, he said, was because of Sir Richard's conclusions that Sir Nicholas and Mr Waldegrave acted with the best of intentions.

Many MPs are therefore convinced that the government's real triumph - particularly after last summer's leaked extracts from the draft, which severely criticised Mr Waldegrave - was in persuading Sir Richard of the ministers' integrity.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "file"). E-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Russia should repay old bonds before new issue

From E. Dunkelmann

Sir, Your article about Russian bonds ("Russia set to raise \$500m from first Eurobonds", February 9) failed to mention that there are still several series of imperial Russian bonds awaiting redemption. Following the 1917 revolution they were disavowed by the new Soviet government but, now that there is an independent Russian government again, surely the principal and interest outstanding on those issues should be settled before any new bonds are sold.

There are two interesting historical aspects to the imperial bonds. One series in my possession had interest payment coupons attached and these were duly detached up until the date of the revolution. The remaining coupons, an unfulfilled promise for the future, are a picturesque reminder of how quickly the fortunes of a country (and a bondholder) can change.

In 1983 a class action was entered in the US district court in New York for the repayment of the principal and interest on the bonds. The plaintiff - and this is absolutely true - was Carl Marks & Co Inc, et al and the defendant was the Union of Soviet Socialist Republics. (Carl Marks & Co is a well-established New York firm.)

H. Dunkelmann,
The Common Cottage,
Grafton,
Oxfordshire OX18 2RY,
UK

Independence of central banks wrong objective

From Dr Bimal Pradhan

Sir, The EMU convergence criteria of budget deficit, inflation, and public debt are at odds with the objective of an independent central bank.

By definition an independent central bank must look after the economic interests of the country in question, irrespective of what the consequences of that policy might be on currencies of other EU

countries. Hence if a common currency is the objective, should we not jettison the independence of central banks as an objective?

Bimal Pradhan,
senior lecturer,
department of accounting and finance,
University of Hull,
Hull HU6 7RX,
UK

Hanson's solution courageous

From Mr Philip G. Turner

Sir, Hanson is the subject of a lot of criticism at present. It has been suggested that it is a dinosaur. If dinosaurs are thought of as ferocious, formidable and awesome, then no description has applied better to Hanson or to its chairman. If it means large bulk and little brain, it is mistaken and insulting.

All successful companies, and Hanson has been emphatically that, must reach a growth plateau sometime and Hanson clearly has levelled out for the moment.

Characteristically, plus, Lord Hanson has proposed a bold and courageous solution to answer the challenge of future growth. You invested in

Hanson to benefit from the unique talent and energies of Lord Hanson and the late Lord White. The new arrangements will transfer their energy to four new management teams who have grown up with their spirit and culture without the constraint caused by Hanson's own phenomenal success. Yet he now is greeted with a shower of brickbats. Critics will learn that Lord Hanson has plenty more bricks to throw back at them when the time comes.

Philip G. Turner,
deputy chief executive,
Wassall,
39 Victoria Street,
London SW1H 0KE, UK

A delicate question of standards

From Professor D.R. Myddelton

Sir, David Cairns (Letters, February 12) writes with authority on international accounting standards. But when he asks for good American standards to be distinguished from bad, he puts his finger on a delicate point. Who is to decide which

accounting standards are good and which bad? If professional accountants can be trusted to form their own view on this question, why have compulsory standards?

D.R. Myddelton,
Cranfield School of Management,
Cranfield, Bedford MK43 0AL, UK

No attempt to recover sums lost in Irish beef affair

From Mr Jonnie McCarthy

Sir, Your editorial, "Irish beef" (February 7) may have performed a valuable public service if it assists the Irish government to come to terms with its responsibility for the proposed fine of £100m plus imposed by the European Union against Ireland for its breaches of EU regulations.

The leader correctly apportioned the blame and flagged the reason for the EU's proposed fines as being "the extent of the Irish government's failure to police its own market".

Article 8 of Council Regulation 29/70 in clear and unambiguous terms lays down the government's duties and obligations to "prevent and deal with irregularities" and to "recover sums lost as a result of irregularities".

In the matter of the recovery of funds lost in 1980 and 1981 for which the EU proposes to fine Ireland £100m plus, to date the Irish government has not recovered as much as one penny from the parties who benefited from the irregularities in the first instance.

Worse than that, despite the government's obligation to take the measures necessary to recover the sums lost in 1980 and 1981, to date the government has not even issued one plenary summons in an effort to attempt to recover the sums lost.

Jonnie McCarthy,
18 Lansdowne Road,
Dublin 4,
Ireland



MAJOR TIMBER PROCESSING BUSINESS FOR SALE

The Government of South Australia is seeking Expressions of Interest from Australian and international parties who wish to consider acquiring Forwood Products Pty Ltd ("Forwood") and its operating assets.

The business of Forwood includes:

- timber milling and processing facilities at Mount Gambier, Nangwarry and Mount Burr in the south-east of South Australia;
- production and marketing of sawn and engineered timber products (including laminated veneer lumber products), treated roundwood and residues;
- production of furniture-quality timber and furniture components; and
- medium and long-term supply contracts for raw material.

Forwood has a highly skilled workforce of approximately 900 and is Australia's leading manufacturer and marketer of timber engineered products.

Expressions of Interest are sought for the acquisition of Forwood by sale of all of Forwood's issued shares which are held by the South Australian Timber Corporation and for land, buildings, plant and equipment currently leased to Forwood by the South Australian Timber Corporation.

In addition to expressing interest in Forwood with the current log supply arrangements, parties are invited to make optional offers for Forwood with extended period log supply contracts.

Expressions of Interest should contain:

- (1) details of the legal status of the interested party, including ownership structure;
- (2) a copy of the interested party's most recent annual report;
- (3) details concerning the nature and extent of the party's interest; and
- (4) contact names, addresses, telephone numbers and facsimile numbers.

Expressions of Interest should be lodged by principals only.

Based on the Expressions of Interest, and at the sole discretion of the Government, selected parties will be provided with a copy of a Confidentiality Deed for execution. Following execution of that Deed, they will be provided with a detailed Confidential Information Memorandum.

In selecting parties to whom an Information Memorandum will be provided, consideration will be given to a number of factors, including:

- (1) the financial strength of the interested party;
- (2) the interested party's objectives from the acquisition; and
- (3) the benefits which the interested party could provide to the South Australian economy.

The sale of Forwood is being handled on the Government's behalf by the Asset Management Task Force. Enquiries in relation to Expressions of Interest should be directed to Mr John Sangster or Mr David Haddock of the Asset Management Task Force (refer contact details below).

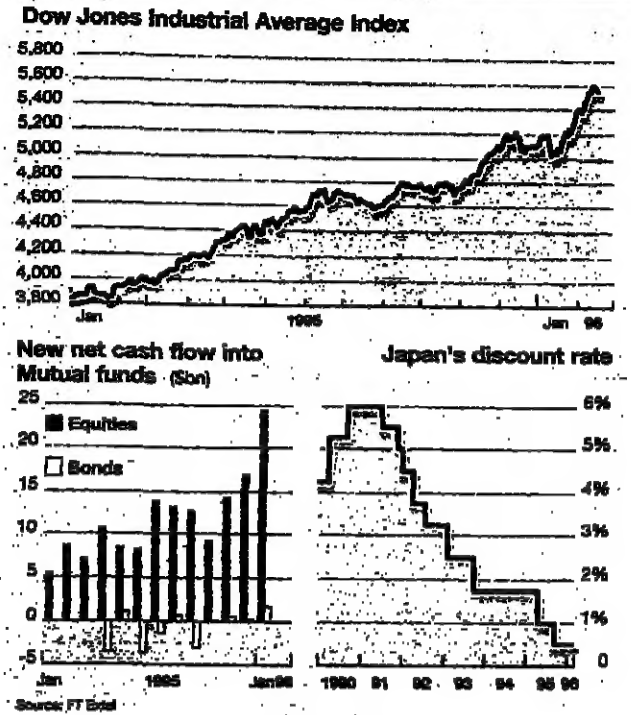
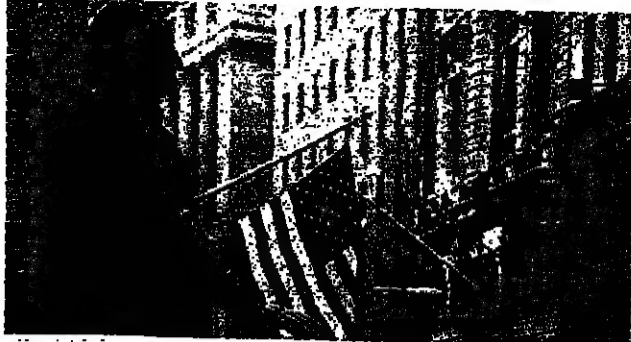
Expressions of Interest are required to be lodged by Friday, 1 March 1996 with:

Dr Roger Sexton
Chairman, Asset Management Task Force
Level 27, 91 King William Street, Adelaide SA 5000
Telephone 61 8 204 8900
Facsimile 61 8 204 8930

Interested parties are encouraged to lodge an Expression of Interest as soon as possible.

Handwritten signature in Arabic script.

Wall Street: is there further to go?



Wall Street nervous in the bull ring

The money tap is flooding the US market, says Tony Jackson

Anyone who is not nervous about Wall Street these days has not been paying attention. It was only last November, after all, that the Dow Jones index shot through the historic barrier of 5,000. Last week it touched 5,000. This week it touched 5,000.

This extraordinary rise prompts three obvious questions. How much further can the market go? When it stops, will it crash? And will other world markets follow suit?

The answers, in that order, are: nobody knows; probably not; and yes, but with luck not for long.

The chief force driving the market in recent months is liquidity: in plain terms, the flood of cash looking for a home. Last year there was much debate on whether the market was overvalued on fundamental grounds. But by this stage, normal valuations scarcely apply. As one New York fund manager puts it, "given the money coming in, any level will do".

So where is the money coming from? A variety of sources, it seems, not all of them reliable in the long run. First, the American public continues to pump cash into the market through the purchase of mutual funds - some \$25bn (£17bn) net last month alone.

This seems unlikely to last. Optimists have argued that middle-class insecurity -

so-called white-collar shock - means people are saving more against the threat of unemployment. The snag is that the savings ratio has not risen in proportion. Instead, people seem either to be switching their money from other types of asset - such as bonds or real estate - or borrowing it to buy stocks. Either way, the process is finite.

Another source of cash is the corporate sector. At a time of rising profits companies have large amounts of cash in their coffers. Normally they would be spending it on expansion; but this time, while capital spending is high in absolute terms, it is not enough to soak up surplus liquidity.

Much of the resulting liquidity is being spent on stock buy-backs. Some is also going on acquisitions, which are running at a record level. And presumably - although this is difficult to track - corporate treasurers are putting some of it into the market directly.

The reasons for the corporate cash mountain are debatable. Ms Cornelia Small, global equity strategist at the fund managers Scudder, Stevens & Clark, says it is partly due to America's gradual evolution from a goods-based economy to one based on information. In the long run, an information-based economy needs less capital to operate since it relies less on physical plant and inventories.

In the shorter run, corporations also have little incentive to expand. The rise of global competition has done much to suppress inflation, since spare capacity is always on tap from elsewhere in the world. But the same phenomenon makes it less attractive for US companies to add capacity at home.

A third flow of cash comes from overseas, particularly Japan. This is an indirect process, since there is little evidence of foreign buying of US equities. But there is strong foreign buying of Treasury bonds, which helps depress bond yields and thus pushes up stock prices. In part, this is because the Japanese government keeps buying dollars in an attempt to depress the yen, and parks the money in US Treasuries. It is also because Japanese interest rates have been lowered almost to vanishing point in an attempt to prod the economy out of depression.

It is thus possible to borrow money very cheaply in Japan and switch it to the US for a higher return. As a source of funds, this cannot be counted on. When the Japanese economy picks up, as eventually it must, interest rates will rise and Japanese cash will be called back home to fund the recovery.

There is another risk. At present, the US stock and bond markets are in a curious state of equilibrium. Both appear to believe in the so-called Goldilocks scenario, in which the US economy, like the porridge in the fable, is neither too hot nor too cold.

Thus the bond market is happy because it sees a recession coming. The stock market is happy because it expects another year of growth in corporate earnings. In real life, this balance is unsustainable. Either the economy will tip further into recession, in which case the stock market will take fright; or the economy will pick up speed, in which case the bond market will suffer, and the stock market along with it.

At some point, then, Wall Street's money tap is going to get turned off. What will the result be? Another crash of '87? There are two reasons for thinking otherwise. The first is simply one of history. In 1987, the market astonished itself by falling 23 per cent in a day. It then went on to new heights. The incident is engraved on investors' minds, and they are the less likely to panic next time.

The other reason is that the market is not absurdly overvalued on conventional grounds. In the summer of 1987, there were plenty of commentators pointing out that the price of stocks versus bonds, for instance, was unreasonably high. Today, by yardsticks such as earnings multiples or the ratio of stock prices to book values, the market is by general consent at the top of its range, but not beyond it.

The end of the bull run should therefore be a quieter affair. At one extreme, it could consist simply of prices standing still for a year or two. At the other, it could produce a full-scale correction, say of 10 per cent. Since this would mean a fall of more than 500 points - the same as in 1987 - it could hit the headlines; but the substance will be very different.

That kind of fall would certainly unsettle foreign markets. Those who recall the 1987 crash will remember the so-called "Mexican wave" effect, whereby markets, with the conspicuous exception of Japan, crashed around the globe according to time zones. London, in particular, seems oddly incapable of breaking its slavish dependence on Wall Street from day to day, however different the domestic circumstances.

In the longer run, foreign markets should recover their poise. After all, overseas fund managers have been convinced for the past year that Wall Street was overvalued, and stayed away; their performance figures have been pummeled accordingly. It would be perverse if they saw Wall Street weakness as a reason for selling at home.

But foreign reaction would depend on just what Wall Street runs out of steam. If the reason were a weak economy and a drop in corporate earnings, well and good. But if it were because of revived fears of US inflation and higher interest rates, the damage to foreign markets would be more widespread.

The real underlying reason for Wall Street's rise - the basis for all that inflow of cash - is the belief that the inflationary dragon has finally been slain. That view has become an article of faith in the US.

In several of the world's big markets, in the UK for instance, it still meets with scepticism. But the return of US inflation might still be taken as unsettling evidence of a global trend.

All in all, this seems a bad time to invest in American equities. Granted, the market may well rise another 500 points. On balance, it is more likely to fall by a similar amount. And that, of course, is the time to buy.

The battle for the president's soul

A Yeltsin win would be no guarantee of Russian renewal, says Chrystia Freeland

Western leaders, who rushed this week to back Russian President Boris Yeltsin in his bid for re-election, appear to be treating June's presidential ballot as a straightforward contest between the reformist Mr Yeltsin and his strongest rival, the Communist leader Mr Gennady Zyuganov.

Yet to Russians, the battle lines seem far less clearly drawn. Most Russian observers agree their country is in the midst of a decisive struggle between liberal reforms and the resurrection of an authoritarian system. But they say the dividing line is not located in the space separating Mr Yeltsin and Mr Zyuganov; the real battle is within what Russian analysts call Mr Yeltsin's "soul" - and they fear his darker instincts are winning.

On the campaign trail in Ekaterinburg in the Urals this week, these warring inclinations were on display as Mr Yeltsin wavered between playing a modern, flesh-and-blood politician and an old-fashioned autocrat.

On the one hand, his campaign launch self-consciously mimicked the sentimental rituals of US presidential campaigns. Mr Yeltsin journeyed to his hometown to make the formal announcement of his candidacy and underscored his personal links with the industrial heartland by visiting his father's grave. Throughout his whirlwind tour of the city, he threw himself into the crowds of curious bystanders with such zest that when it was time to make his long-awaited address his voice had been reduced to a hoarse growl.

And, in an outburst of the populist exuberance which is Mr Yeltsin's greatest political strength and his most serious liability, the Kremlin chief repeatedly diverged from his written text to offer romantic advice to the love-lorn girls of Ekaterinburg, make extravagant spending promises and castigate nouveau riches entrepreneurs who can afford holidays in Cyprus or Corfu.

But Mr Yeltsin's "ordinary Ivan" performance periodically gave way to glimpses of an authoritarian character who seemed distantly related to Ivan the Terrible.



Salute from presidential contenders Boris Yeltsin (left) and Gennady Zyuganov

general secretary of the Communist party, roads were meticulously cleared of snow, and hand-picked crowds of loyalists were assembled on freezing street corners in case Mr Yeltsin should choose to go on a walk-about. It was said that bottled water had been specially supplied to protect the Russian leader from the vagaries of a sewage system he helped to construct when chief of the regional administration.

Even more worrying was his apparent belief that, as president, his personal powers are almost as limitless as the authority of the tsars. In the middle of his campaign speech, he ordered the regional governor to sack the president of a local private enterprise because the businessman was allegedly drawing too high a salary. "Do it by tomorrow," Mr Yeltsin barked.

His vacillation between authoritarianism and democracy can be traced to his complicated political evolution. The support Mr Yeltsin has received recently from the west suggests that he is still viewed as the champion of democracy who broke up the Soviet Union and dismantled communism.

But it is also true that before he became a democratic rebel, Mr Yeltsin was a highly successful Communist party functionary. Indeed, in one of the sharpest ironies of the presidential race,

Mr Yeltsin, who climbed to the giddy heights of Politburo membership, was a far more senior figure in the Communist party of the Soviet Union than his left-wing rival for the presidency, Mr Zyuganov. Now the leader of the Communist party of the Russian Federation, Mr Zyuganov was an unknown, middle-level apparatchik when the Communists still ruled the USSR.

In substance as well as in style, Mr Yeltsin appears to be drifting back to the politics of this earlier era. He no longer describes himself as the leader of Russian reforms. Instead, in Ekaterinburg he sought to position himself as the centrist candidate who could balance between "extreme" reformers and "reactionary communists".

This rhetorical shift has been accompanied by a sharp change in the Kremlin's political and economic course. Most of the leading reformers have been sacked from the government and replaced with conservatives. Mr Yeltsin has dropped last year's fiscal austerity and begun to make new spending promises at almost every public appearance. Tariff barriers are going back up and Mr Yeltsin's officials have begun to suggest re-nationalising key enterprises which were privatised during his earlier incarnation as a radical reformer.

For some of Mr Yeltsin's democratic allies, this latest shift has been the last straw. As Mr Sergei Kovalev, former head of the president's council on human rights, explained in an eloquent letter of resignation: "It is sad for me that you have lost your soul, that you are unable to evolve from a Communist party secretary into a human being."

Mr Kovalev went on to argue that Mr Yeltsin's metamorphosis meant there was now little to choose between the president and his leftist rivals: "Today you call yourself the only alternative to Zyuganov and Zhirinovskiy, but in vain, since you now have more features in common with them than differences. And if we have to choose among you, it will be like choosing which mafia organisation to apply to for protection."

Not all Russian politicians and business executives agree with Mr Kovalev. Some argue that, no matter what his flaws, Mr Yeltsin is preferable to a Communist president who might nationalise property, abrogate democratic freedoms and return to an expansionist foreign policy.

"No one realises how dangerous the Communists are. But these are real Communists, they are committed to collective ownership," says Mr Kakha Benkidze, a Moscow entrepreneur who has bought up some of Russia's most valuable companies through the privatisation programme.

But even committed Yeltsin supporters such as Mr Bendukidze back the president out of necessity, not affection. "We may not love Yeltsin, but this is not a marriage. There is simply no political alternative," he says. "After the elections we will either have a Communist Russia or an oligarchic Russia. Neither country will be much fun to live in."

The presidential elections on June 16 will be a watershed in the development of Russian democracy. If it goes ahead, the ballot will be the first opportunity the citizens of a sovereign Russia have ever had to elect their head of state. But for many Russians, their joy in the strengthening of democracy is tempered by their belief that Russia's first free choice will be between a latter-day tsar and a neo-Communist.

Indeed, this latest shift has been the last straw. As Mr Sergei Kovalev, former head of the president's council on human rights, explained in an eloquent letter of resignation: "It is sad for me that you have lost your soul, that you are unable to evolve from a Communist party secretary into a human being."

Mr Kovalev went on to argue that Mr Yeltsin's metamorphosis meant there was now little to choose between the president and his leftist rivals: "Today you call yourself the only alternative to Zyuganov and Zhirinovskiy, but in vain, since you now have more features in common with them than differences. And if we have to choose among you, it will be like choosing which mafia organisation to apply to for protection."

Not all Russian politicians and business executives agree with Mr Kovalev. Some argue that, no matter what his flaws, Mr Yeltsin is preferable to a Communist president who might nationalise property, abrogate democratic freedoms and return to an expansionist foreign policy.

"No one realises how dangerous the Communists are. But these are real Communists, they are committed to collective ownership," says Mr Kakha Benkidze, a Moscow entrepreneur who has bought up some of Russia's most valuable companies through the privatisation programme.

But even committed Yeltsin supporters such as Mr Bendukidze back the president out of necessity, not affection. "We may not love Yeltsin, but this is not a marriage. There is simply no political alternative," he says. "After the elections we will either have a Communist Russia or an oligarchic Russia. Neither country will be much fun to live in."

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An unmanned spacecraft scheduled for launch last night on a three-year voyage to the asteroid Eros is the first product of NASA Lite - the slimmed-down US space agency with the unofficial motto of "faster, better, cheaper".

The NEAR mission (short for Near-Earth Asteroid Rendezvous) was planned and built in just over two years, at a total cost of \$122m (\$20m). Eros is a micro-planet, 25 miles long and 9 miles wide, which scientists believe is made up of debris left over from the formation of the solar system.

In 1999 the NEAR spacecraft will go into orbit around Eros, 130m miles from Earth - quite a technical challenge, since the asteroid is so irregularly shaped. It will then study the asteroid's rocky surface for clues about the early evolution of the sun and planets.

NEAR is the first project to emerge from the policy imposed by Mr Dan Goldin, NASA administrator, in 1993. He ruled that new scientific missions must cost less than \$150m and be ready for launch within three years of approval. "Unless there are over-riding reasons to the contrary".

The cost of NEAR contrasts sharply with the \$1.4bn cost of the Galileo mission to Jupiter and the \$1bn to launch the ill-fated Mars Observer. The latter's demise in 1993 en route to study the red planet helped convince Mr Goldin and his colleagues that they should never again put so many scientific eggs in such an expensive basket.

Indeed, NASA has already planned a series of cheap Mars explorations that should achieve more over the next three years than Observer could have, even if it had been a complete success.

First will be Mars Pathfinder, scheduled for launch at the end of this year. It is intended to demonstrate innovative technologies for exploring the planet, including a six-

wheeled robotic rover that will analyse the Martian surface for chemical signs of life, now or in the past.

Cheaper still is the \$65m Lunar Prospector, to be launched next year, which will finish surveying the Moon's surface - a project left over from the Apollo era.

Space scientists had been deeply suspicious in 1992 when Mr George Bush, then US president, brought Mr Goldin in from the aerospace company TRW, a leading NASA contractor, to cut waste and improve efficiency at the demoralised space agency.

And they were disappointed when the incoming president, Mr Bill Clinton, confirmed him in the job.

But Mr Goldin's decisive leadership since then - his demonstration that he can cut bureaucracy while delivering scientific results - is beginning to win him praise. "NASA's approach to space science was to launch a very few, very large, expensive spacecraft every decade," says Mr Louis Friedman, executive director of the Planetary Society. "Now NASA is building several lightweight low-cost spacecraft for launch each year."

At the annual meeting of the American Association for the Advancement of Science in

Baltimore last weekend, Mr Goldin repeated his belief that NASA should be a scientific agency first and foremost. In the past, he said, NASA's main reason for existence had been to create work for its staff and contractors, and to win the cold war.

"This nation went to the moon to beat the Russians," he said. "At the time of Apollo programme - which had nothing to do with science - NASA consumed 5 per cent of the federal budget. Today we spend 0.9 per cent of the budget."

Mr Goldin begged his scientific audience to stop judging NASA by "inputs" such as dollars and employees, and start assessing the output. "We have started 25 new programmes with 20,000 new people," he added.

Abandoning manned space flight and relying on craft with robotic explorers could lead to huge cost savings. But such a radical change is not on NASA's agenda.

The agency will persevere with the permanently manned international space station, the first components of which will be launched next year. And it plans to develop a low-cost successor to the Shuttle to carry people into space and back in the next century.

Mr Goldin's highest priority is to fix NASA's "festering, nagging and shameful" failure to develop a cheap and safe launch vehicle. "No longer are we going to pay the price of re-engineering 1950s ballistic missile technology," he says. The target is a launcher that can carry people and equipment into space for \$1,000 per pound, rather than the \$10,000 to \$20,000 per pound of the Shuttle.

He insists that robots cannot replace all human activity in space. "People are going to inhabit other planets at some time," he promises. "We have to work out ways for people to live safely and productively in space. NASA will no longer be about rockets, it's going to be about the life sciences."

Young Turk of the chess world

A tournament is part of research into new computer systems, says Tom Foremski

In 1769 the Hungarian Baron Wolfgang von Kempelen created the Turk, a mechanical chess-playing machine that amazed the royal courts of Europe. The modern version of the Turk is Deep Blue, a supercomputer designed by International Business Machines, modified with special chips and software.

As Garry Kasparov, the world chess champion, takes on Deep Blue in a series of six matches in Philadelphia, sponsored by the Association for Computing Machinery with \$600,000 in prize money, the games have become a test of how far modern computing has progressed.

The Turk was an ingenious illusion that concealed a human operator. And in the same way, Kasparov is not taking on a machine, but a team of four IBM researchers who are using the latest hardware and software technologies to distill the essence of a world-class chess grandmaster such as Kasparov, surpass his playing skills, and learn from the experience.

Deep Blue, says: "The lessons we learn in this scientific experiment will be applicable to complex problems such as economic modelling and air traffic control." Deep Blue is the latest in a long line of attempts by scientists to teach computers how to play chess and beat human players.

Alan Turing, the brilliant British computer scientist, developed some of the computational theory for a chess-playing computer in the 1940s. But it was 1958 before Rand Corporation in the US developed its NSS chess program running on the Johniac computer. Each move took an hour to compute.

Although Deep Blue won the first game against Kasparov, it lost the second, proving that sheer computer power is not the only key to winning. The IBM programmers have to consider strategic analyses and determine the complex question of what constitutes a winning game.

As for Kasparov, the contest has become one of defending human "dignity" against the cold calculating power of the computer. Before the first match he said: "Here we are to discuss the ultimate question of whether one day the computer will beat the human world champion. Maybe it will happen in a week's time. But I remain a cautious optimist in the progress of human brains as well. I still believe there are some horizons it will be very difficult for computers to cross."

Kasparov's strategy has been to find Deep Blue's weaknesses. He knows his programmers have been forced to make some choices about the style of play. Without access to previous Deep Blue games, Kasparov must discover these weaknesses as he plays the computer. He knows the computational power of Deep Blue gives it positional strength, and that he cannot use psychological attacks such as seeming to threaten the king by positioning pieces in a way that would distract a human opponent.

His tactics have been to use certain gambits that might confuse Deep Blue and make it seem as if it is winning while the human player builds a strong attack. Four games have been played, with the first won by Deep Blue, the second by Kasparov and the third and fourth drawn. The fifth game was being played yesterday and the final today.

An additional problem Kasparov faces is that the program running Deep Blue can be changed and given different priorities.

"We aren't allowed to make changes during the game," explains Dr Tan. "But we do make changes in the program's parameters in between games." This will make it difficult for Kasparov to continue to exploit any weaknesses he may uncover.

Apart from the pressure put on a human opponent through positioning pieces, there is another psychological aspect to winning at chess. Playing Deep Blue, Kasparov grimaces and scowls. The computer, of course, is immune to such displays, which some of Kasparov's human opponents have described as intimidating.

Dr Tan chuckles at the suggestion that an actor should execute Deep Blue's moves with corresponding instructions to grimace or make psychological plays at important points in the game. "It's not an exercise in psychology," he explains. But he concedes that in modelling economic scenarios - one of the intended by-products of Deep Blue's program - mass psychology does play a part in determining outcomes.

Win or lose, Dr Tan and his team have already declared a success for Deep Blue. The chess project will continue as part of IBM's overall research into developing more powerful computer systems. These will

be able to tackle complex problems that have defied the most powerful computers and the most cleverly crafted programs.

These types of problems are known in computer science as grand challenges, and each branch of science has its own set of grand challenge problems. Astronomers, for example, would like to model the creation of the universe or the formation of a black hole.

Solutions to some of the grand challenges are becoming increasingly important. If computers could be used accurately to model changes in environmental conditions of the planet, informed decisions on regulating fossil fuel use could be made. And understanding complex molecular interactions would lead to new types of medicines that could battle antibiotic-resistant bacteria or HIV, the virus which may lead to AIDS.

The Kasparov versus Deep Blue contest is an entertaining sideshow in the evolution of computer technologies into ever more useful tools for living and surviving in a complex world.

IBM's web site offers live commentary on games and background information. The web site address is <http://www.chess.ibm.park.org>

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Percent	Selling Price	Buying Price	+ or -	Yield Percent
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BERMUDA (SAB RECOGNISED)

BERMUDA (REGULATED))**

GUERNSEY (SIB RECOGNISED)

Kleinwort Benson Int'l Fd Mgrs Ltd
PO Box 44, Garmsey, CA 94028 38473 1-415-708-7554

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 0148

Royal Bk of Canada O/S Fd Mgrs Ltd 014

GUERNSEY (REGULATED)

COLUMBIAN UNION CATHOLIC NW MIGHT

Money Financials Bond 21 67 00
Gdey Asset Management Ltd
80 Harcourt Street, Dublin 2 01 2522 79

IRELAND (SIB RECOGNISED)

George Oney, Dublin 2, Ireland 00 3531 6064300

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Equity Growth	510.00	—
Dynamic Pacific Portfolio Fund Pk	53.87	-0.48

Global Funds Management (Ireland) Ltd		
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Global Funds Management (Ireland) Ltd	\$10.57	

Korea Growth Fund	83.38	3.48	-0.09
Korea Open Fund			

Thailand Foreign

THE UNIVERSITY OF CHICAGO

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Asia Selection Fund	29.967	7.333	-0.19
Asia Select	29.236	4.388	-0.50

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The following information is for your reference only. It is not intended to be used as a basis for any action.

Debt to capital investments (n) SICAV

Food & Beverage	\$10.00
Alcohol	\$10.00
Entertainment	\$10.00
Transportation	\$10.00
Total	\$40.00

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HSBC Investment Funds Luxembourg SA
7 rue de Marche - aux - Herbes L-1726 Luxembourg
Tél: 33 852 4228 4229 Fax:

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North American Equity	10.00
Pacific Equity	10.00
Foreign Companies	10.00
Family	10.00

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U.S. Savings Bonds	311.36	
The Archipelago Fund		
The Archipelago Fund	509.58	

Carlson Equity-Far East	\$2.511
Chase Manhattan Vista Funds	
US Dollar Income	\$1.00

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MARRIAGE FUNDS NOTES

Priests are in constant tension between traditional and more progressive views. Here is a list of 100 dollars.

Yields % after full tax bearing operations.

Prices of common stock fluctuate from penny stock to \$1000 per share to the open end.

1. **Common Stock** - Common stock is the primary asset for most funds.

2. **Preferred Stock** - Preferred stock is the second asset for most funds.

3. **Government Securities** - Government securities are the third asset for most funds.

4. **Real Estate** - Real estate is the fourth asset for most funds.

5. **Commodities** - Commodities are the fifth asset for most funds.

6. **Art** - Art is the sixth asset for most funds.

7. **Collectibles** - Collectibles are the seventh asset for most funds.

8. **Private Equity** - Private equity is the eighth asset for most funds.

9. **Private Debt** - Private debt is the ninth asset for most funds.

10. **Other** - Other assets are the tenth asset for most funds.

11. **Index Funds** - Index funds are the eleventh asset for most funds.

12. **Money Market Funds** - Money market funds are the twelfth asset for most funds.

13. **Bond Funds** - Bond funds are the thirteenth asset for most funds.

14. **Equity Funds** - Equity funds are the fourteenth asset for most funds.

15. **International Funds** - International funds are the fifteenth asset for most funds.

16. **Technology Funds** - Technology funds are the sixteenth asset for most funds.

17. **Health Care Funds** - Health care funds are the seventeenth asset for most funds.

18. **Energy Funds** - Energy funds are the eighteenth asset for most funds.

19. **Financial Services Funds** - Financial services funds are the nineteenth asset for most funds.

20. **Consumer Goods Funds** - Consumer goods funds are the twentieth asset for most funds.

21. **Industrial Funds** - Industrial funds are the twenty-first asset for most funds.

22. **Transportation Funds** - Transportation funds are the twenty-second asset for most funds.

23. **Communication Funds** - Communication funds are the twenty-third asset for most funds.

24. **Media Funds** - Media funds are the twenty-fourth asset for most funds.

25. **Telecommunications Funds** - Telecommunications funds are the twenty-fifth asset for most funds.

26. **Utilities Funds** - Utilities funds are the twenty-sixth asset for most funds.

27. **Food and Beverage Funds** - Food and beverage funds are the twenty-seventh asset for most funds.

28. **Pharmaceuticals Funds** - Pharmaceuticals funds are the twenty-eighth asset for most funds.

29. **Chemicals Funds** - Chemicals funds are the twenty-ninth asset for most funds.

30. **Metals and Mining Funds** - Metals and mining funds are the thirtieth asset for most funds.

31. **Oil and Gas Funds** - Oil and gas funds are the thirty-first asset for most funds.

32. **Coal Funds** - Coal funds are the thirty-second asset for most funds.

33. **Power Funds** - Power funds are the thirty-third asset for most funds.

34. **Water Funds** - Water funds are the thirty-fourth asset for most funds.

35. **Environmental Funds** - Environmental funds are the thirty-fifth asset for most funds.

36. **Space Funds** - Space funds are the thirty-sixth asset for most funds.

37. **Defense Funds** - Defense funds are the thirty-seventh asset for most funds.

38. **Government Contractors Funds** - Government contractors funds are the thirty-eighth asset for most funds.

39. **Infrastructure Funds** - Infrastructure funds are the thirty-ninth asset for most funds.

40. **Transportation Infrastructure Funds** - Transportation infrastructure funds are the fortieth asset for most funds.

41. **Energy Infrastructure Funds** - Energy infrastructure funds are the forty-first asset for most funds.

42. **Water Infrastructure Funds** - Water infrastructure funds are the forty-second asset for most funds.

43. **Environmental Infrastructure Funds** - Environmental infrastructure funds are the forty-third asset for most funds.

44. **Space Infrastructure Funds** - Space infrastructure funds are the forty-fourth asset for most funds.

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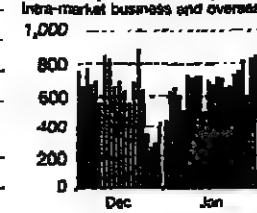
98. **Water Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Funds** - Water infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure funds are the ninety-eighth asset for most funds.

99. **Environmental Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Funds** - Environmental infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure funds are the ninety-ninth asset for most funds.

100. **Space Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Infrastructure Funds** - Space infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure infrastructure funds are the one hundred asset for most funds.

Equity shares traded

Turnover by volume (million). Exch



+10.8	FT-SE 100 Index
-2.4	Closing index for Feb
-1.98	Change over week
(3.72)	Feb 15
-14.9	Feb 14
7.61	Feb 13
-11.0	Feb 12
7.64	High"
2.18	Low"
	"Intra-day high and low for

Glass giant Pilkington rounded off a strong week with an 8½ gain to 217p in good volume for a five-day rally of almost 9 per cent.

Defence engineer Vickers shot to the top of the FT-SE Mid 25 performance charts with a rise of almost 9 per cent, as a burst of takeover speculation drove the shares to an all-time high. Motor engineering leader GKN was said to have Vickers' armoured vehicles business

its sights and to be lining up an offer comfortably in excess of £1bn. Turnover in Vickers climbed to an above average 1.9m shares.

However, most analysts have clear doubts about the validity of the story. They pointed to a strong final quarter at Vickers, Rolls-Royce Motors subsidiary and predicted an upbeat statement when the group puts out its 1995 results on March 6.

GKN closed 2 lower at 824p. Vickers ended 23 higher at 293p. The shares are now

New high at Meyer
Takeover talk also surfaced among building-related stocks

pushing a number of shares to new highs in direct opposition to take profits advice from a wide range of brokers.

The focus was Meyer International, a specialist timber company thought to be coveted by a number of building materials groups. The shares rose to a new peak of 42 1/2p.

Analysts suggest that the Meyer business would fit very comfortably into either Wolskel, RMC or CRE. They also felt that Hanson's building arm, post the demerger, could shortly bring additional take-over muscle to the sector.

month, was said to be lining up an offer for Avon, capitalised at around £150m after yesterday's near 10 per cent share price improvement. Avon is notoriously illiquid stock. Tomkins closed off 7 at 269p.

Among financial stocks, profit-taking in Lloyds TSB, which reported improved figures yesterday, left the shares trailing 6 to 34½p, after trade of 8.52p. Several analysts indicated they intend to upgrade their earnings forecasts after Monday's meeting with analysts.

Elsewhere in the sector, the session also saw the return of a strong bid talk in Royal Bank of Scotland. The shares jumped 12 to 579p, in trade of 4.7m with HSBC mentioned as the bank's most likely suitor. RBC

also announced it is buying housebuilder Charles Church Shares in HSBC closed 8 up at 1,11p, with 2.6m having been traded by the close.

TV shares continued to blaze away in the wake of Granada's swoop on Yorkshire Tyne-Tees at the opening bell on Thursday. Yorkshire, Harlech, Ulster and Scottish TV all broke through to fresh peaks as analysts, dealers and investors to a man set out to second guess the next cycle of corporate activity for media shares.

The sector has been in barely suppressed state of

notes were circulating yesterday but the sellers appeared to hold the whip hand. NatWest Securities felt that Shell's generous dividend indicated earnings confidence and advised clients to add to their holdings. The shares dipped 8 to 861p in 10m traded.

Exploration group LASMO experienced another surge in volume with 11m shares changing hands. The stock, the subject of bid speculation earlier in the week and a busy options play yesterday, gained a further 4 to 173p. *Enterprise Oil*

The stock was busy in the options sector where the equivalent of 2.5m shares was dealt. Closing volume in the equities

BET raised up a further 11 to 19% in the advance of more than 40 per cent in five days following the bid from rival support services leader Rentokil. The shares were again very actively traded, racking up turnover of \$1m. in three days. BET volume has totalled 157m shares. Rentokil, of 40p a share, slipped 34 to 33p; and, in 21m traded.

Luxury products group Vendome was by far the day's worst performer in the FT-SE 100. Mid 260 index. The shares numbled 38 to 546p, after ABN Amro Hoare Govett was reported to have downgraded the prospect.

Gold is also believed to have removed the stock from its "buy" list.

The stakes were raised in the

■ CHIEF PRICE CHANGES YESTERDAY

TERRAFLEX		
London (Pence)		
Rises		
Avon Rubber	581	+ 49
BET	185½	+ 11
Birse Group	17½	+ 5
Excalibur	204	+ 29½
Flextech	50	+ 2½
Golden Rose	72	+ 8
HTV	396	+ 26
Hamlet	98	+ 5
Jacks (Wm)	43	+ 8
Lloyds Chemists	483	+ 23
Messy Docks	431	+ 20
Psion	900	+ 42
Scottish TV	715	+ 30
Secure Retirement	64	+ 6
800 Group	179	+ 17

Vickers 293 + 23

Falls		
Courtauld	404	- 10
Creighton Nat	90	- 30
Interaurope Tech	105	- 5
JLI Group	58	- 5
Vendome Uts	543	- 38

NEW 52 WEEK HIGHS AND LOWS

[illegible]

ments rest on hopes for further cuts for UK interest rates plus

Year	No. of yrd.	Total Paved	1985/86		Share Companies		Low Level	
			High	Low	High	Low		
1982/83	581	1511.36	3701.5	2729.6	2347.6	3781.3	3988.2	2377.6
1983/84	229	1653.79	4795.6	1822.9	3388.0	0.326	4189.0	1622.9
1984/85	254	1701.47	4126.8	1928.7	3305.4	0.493	4271.5	1422.8
1985/86	612	1542.12	1982.1	1525.9	1482.4	2275.5	1482.1	1525.9
1986/87	635	1273.78	1066.5	1066.5	1597.7	0.306	1598.5	1525.9
1987/88	586	1380.63	1804.0	1804.0	1454.9	20.75	1804.9	1622.9
1988/89	635	1654.23	2042.28	1928.7	1678.01	1.115	1678.0	4294
1989/90	635	1643.89	2104.48	1628.18	1324.75	200.72	4294	1324.75
1990/91	635	1545.30	1809.29	1525.9	1480.29	1.6323	1525.9	1809.29

a recovery in consumer spending in the second half of the year. One sector watcher said, "It's common knowledge that a number of top management teams have corporate activities at the top of their agenda". Both Meyer, which stood at 300p in September, and Wolsley have this week been

REF	Vol	Iss	Total	1995-1996	Since Completion
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	3	3	3
4	4	4	4	4	4
5	5	5	5	5	5
6	6	6	6	6	6
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70	70	70	70	70	70
71	71	71	71	71	71
72	72	72	72	72	72
73	73	73	73	73	73
74	74	74	74	74	74
75					

	Returns			Low			High		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
1.00	137.44	310.95	142/98	298.05	63/95	318.55	142/98	98/28	109/28
1.47	120.21	488.32	271/149	283.95	29/76	430.32	271/149	98/28	21/28
1.84	120.90	488.32	271/149	283.95	29/76	430.32	271/149	98/28	21/28
2.00	120.90	488.32	271/149	283.95	29/76	430.32	271/149	98/28	21/28
2.84	100.13	284.78	200/85	276.87	43/78	222.88	222/84	98/28	141/84
3.84	100.13	284.78	200/85	276.87	43/78	222.88	222/84	98/28	141/84
4.81	86.28	181.13	168/71	168/71	86/28	230.22	241/94	98/28	89/28
5.81	86.28	181.13	168/71	168/71	86/28	230.22	241/94	98/28	89/28
6.81	90.16	181.13	168/71	168/71	90/16	230.22	241/94	98/28	89/28
7.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
8.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
9.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
10.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
11.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
12.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
13.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
14.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
15.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
16.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
17.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
18.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
19.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
20.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
21.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
22.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
23.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
24.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
25.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
26.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
27.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
28.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
29.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
30.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
31.81	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28
32.84	120.90	274.37	155/95	181.53	20/78	290.37	155/95	98/28	98/28

[illegible]

	13.00	14.00	15.00	16.10	High/day	Low/day
1	3779.5	3771.5	3770.2	3767.5	3791.8	3765.6
0	4202.8	4201.5	4190.2	4198.8	4203.3	4190.0
8	1853.3	1500.1	1879.4	1878.2	1888.0	1878.8

19.00	14.80	15.80	16.10	Closed	Predicus	Change		
1069.5	1069.9	1068.9	1071.5	1071.0	1072.9	-1.9		
5217.7	5187.5	5199.8	5194.2	5207.9	5213.6	+3.7		
2105.1	2104.7	2105.0	2106.8	2106.5	2106.9	+10.0		
4303.1	4315.5	4311.1	4302.3	4316.3	4326.7	-10.4		
Index section or group		Name	Date	Value	Index section or group	Name	Date	Value
SE SmtCap & en LTs			31/12/82	1363.79	Oil Exp & Prod Yrld Rts		31/12/83	1047.3

FT-SE 100	31/12/83	1000.00	Electricity	29/12/89	1000.00	FT-SE-A Pledging	30/12/94	1000.00	FT-3CPI Hedging 100% Not	30/12/95	1000.00
FT-SE Mid 250 & on L75	31/12/85	1412.60	Water			FT-SE-A Hedging on Inv Total					
FT-SE-A 350	31/12/85	692.94	Non-Financials	10/4/82	100.00	FT-SE Total Return Index	31/12/82	1000.00			
FT-SE-A 350 High L75	31/12/85	692.94	FT-SE-A All-Share	10/4/82	100.00				FT-SE-A Redy on IT Total Inv	30/12/94	1000.00
FT-SE-A 500 Legal Aid	31/12/85	682.94	All Other	31/12/85	1000.00	FT-SE-A Sector Total Inv	31/12/83	1000.00			

correlation with the *Electricity and the Institute of Actuaries, or FT-SE International Limited 1998. All rights reserved.*

**TO SAVE THE
RAINFOREST WE
PROVIDE TREES**

**PROVIDE TREES
TO CHOP DOWN.**

By helping people
in the movement to plant trees, WWF
are working to solve some of
the problems that cause deforestation.

Where trees are chopped
down for firewood, we help plant fast
growing saplings as a renewable
source of fuel. This is particularly
valuable in the Impenetrable Forest,
Uganda, where indigenous
handwheels take up to two hundred
years to mature.

The *Machobos* trees WWF gave
to the local villages are
ready for harvesting in only five years.

Where trees are chopped
down for use in construction, as in
Pakistan, we supply
fast growing local pine species.

The ideas behind
all our work is that rainforests need
continuous care and protection.

OFFICE

OFCEA		
OFCEA is a trading office for the		
Company	(old Price)	Change on FEB (p)
Admiral C.R. PLC	25	+5
Advanced Media Group PLC *	22 1/2	-
Amesbury Gold PLC *	20	-
Amos Village PLC	31	-1
Amoral FC	72500	-
Anglo American Controls	45	-
Banker Securities	6	-
Barclays Bank PLC	55	-
Central Railway	105	-
Chenier PLC	18	-
Europrest Holdings Ltd	22 1/2	-
Global Trust PLC	11 1/2	-
Granville Shipping	28	-
Grain Traders PLC	11	-
Hydro Heat E.B. Bruma	40	-
ISS Group PLC *	11	+130
Irish Marine Oil	8 1/2	-
Irish Water PLC	4 1/2	-
Labyrinth Group PLC *	37	-2 1/2
Lynn Publishing PLC	105	-

Prices as at 3.30 pm 15 February 1990

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limited a London Stock Exchange member firm and
Austbury Limited.

Prices quoted in this advertisement

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CONCLUSIONS

Company	Mkt Pctgpt	Change on W/E (p)
Maltipuron PLC	1.23	
Norfolk Packing Corp	1.23	
Oshkosh Enterprises Ltd	3.5	+1
Parkland Packaging PLC	2.50	
Parkway Paper Corp	1.80	
Pregent PLC	50	
Rangers PLC	60	
Salford Petroleum PLC	10	
Seaward Ship Dev't	38	
Shepherd Neame Ltd	7083	
Synerise Ss on Ctnr PLC	56	
Tennant Technology	140	
United Paper Exp	40	
Uniti-Cap/Europe PLC	83	
Watermark Group	12	
Wendland	2003	
Wellington Milk & Prop	106	
Welsh Gold PLC	40	
Wynne's Invest Group	40	
Wynne's PLC	40	
Wynne's & Lloyd Partners	2.91	

*** Other classes of shares available.**

... Ltd, the parent company, to J P Jenkins Ltd. The ... as much regulated by the Securities and Futures ... we been provided by J P Jenkins Ltd.

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References

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INVESTMENT TRUSTS - Cont.

Warrants	423	-	423
Govett Criminal	298	-	298
Govett Strategic	463	-	463
Greenbrier	8	-	19
Greatbank House	46	-	50
Group Dev	14	-	19
Warrants	874	-1	107
NTR Japanese Sair	40	-	52
Warrants	123	-	128
Henderson Highland	22	-	28
Warrants	411	+1	411
Henderson Strata	136	+3	136
Herald Inc Td	58	-	58
Warrants	82	-	108

WARRANTS	1387	---	---	---
WARRANTS	123	---	---	---
WARRANTS	137	---	---	---
WARRANTS	137	---	---	---
WARRANTS	95	---	---	---
WARRANTS	150	---	---	---
WARRANTS	82	---	---	---
WARRANTS	34	---	---	---
WARRANTS	153	---	---	---
WARRANTS	86	---	---	---
WARRANTS	175	---	---	---
WARRANTS	251	---	---	---
WARRANTS	122	---	---	---
WARRANTS	85	---	---	---
WARRANTS	111	---	---	---
WARRANTS	71	---	---	---

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98.5	108.8	10.0
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99.5	108.8	10.0
100.0	108.8	10.0

AL	Yd	Yd	Yd	Yd
	Yd	Yd	Yd	Yd
72	16.1			
73	2.9	317.1	27	6.1
74	12.9	63.0	-13.2	
75	17.7			
76	30.8	27.5	19	12.1
77				
78	24.7			
79		34.5	75	
80	14.7	65.0	48.2	
81		537.5	37	
82	7.8	97.8		
83	8.9	91.3	-18.1	
84	10.0	91.3		
85	23.8		27	55.1
86				
87	2.9	217.6		
88	1.3	302.9	33.1	
89	10.1			
90	8.3	99.3	22.1	
91	4.9	143.4		
92	11.9	49.3	13.1	
93				
94		80.7	24	
95	4.3	123.4	13	
96	2.9	110.4		
97				
98	13.2	87.9		
99	4.8	187.5	8	
00				
01			48.2	81.1
02	11.7	105.1		
03				
04	4.8	237.7	7	
05	23.7			
06		267.8	62	
07				
08	4.8			
09	13.6	90.5	2	
10				
11	11.7			

هكذا من الأصل



West keen to counter Serb complaints of bias

Bosnian 'terrorist camp' captured by Nato troops

By Harriet Martin in Sarajevo and Christian Tyler in The Hague

Nato forces in Bosnia, in a challenge to the republic's Moslem leadership, yesterday announced the capture of a "terrorist training camp" and the arrest of three men they described as Iranian military advisers.

The raid, on the eve of a summit in Rome intended to revive Bosnia's peace process, was the second time this week that western authorities have stressed their keenness to deal firmly with Moslems as well as Serbs and Croats.

The US, anxious to counter Serb complaints of bias, welcomed a pledge from the UN war crimes tribunal that some Moslems will soon be added to the list of 45 Serbs and seven Croats already indicted.

The guerrilla training school, housed in a former ski chalet in central Bosnia, was shown to reporters by Admiral Leighton Smith, commander of the 60,000-strong peace implementation force known as Ifor.

"It doesn't take a genius to figure out we found something here that is an abomination - clearly

terrorist training activities," he said, pointing out booby-trapped plastic toys and other devices designed to kill civilians.

The chalet also contained sub-machine guns, hand grenades, training manuals for subversion and models of buildings which suggested that fighters were being trained to attack civilian as well as military targets.

The heavily publicised raid appeared to be part of a western strategy of countering Serb complaints of bias by making it plain that Moslem-led government forces can also be subject to tough action by western troops in Bosnia.

Nato captured the building on grounds that it was a threat to its own security, and the presence of Iranian instructors was in violation of the Bosnian government's promise to rid the country of non-Nato forces.

Bosnian government officials said they were in the process of closing the centre.

Nato said three of the 11 men they arrested were believed to be Iranian instructors, on grounds that they were holding Iran Air tickets and documents in Farsi. Among the other detainees, six had Bosnian identity papers.

The Bosnian Serbs have withdrawn co-operation with western forces and mediators in Bosnia in protest at the deportation to The Hague of two senior Serb officers.

The leaders of Serbia, Bosnia and Croatia meet in Rome today at a US-inspired summit where they will be pressed to reaffirm their commitment to the peace agreement they concluded in Dayton, Ohio in November.

In The Hague yesterday, Judge Richard Goldstone, the UN war crimes prosecutor, insisted that if any government tried to put pressure on him, he would instantly blow the whistle.

"If any government brought political pressure on this office, I would make that public," he said. "It hasn't happened, and it won't happen."

He made it clear that nobody would be shielded from his investigation, however much they had helped the peace process.

Judge Goldstone, who has complained in the past of Nato's lack of co-operation with his work, said he was "generally satisfied that we are getting the help from governments and from Nato we are entitled to get."

Brussels probes use of loans to German shipyard

By Judy Dempsey in Berlin and Emma Tucker in Brussels

The European Commission has questioned the use by Bremer Vulkan, Germany's biggest shipbuilder, of government-backed bank loans.

Shares in Bremer Vulkan were suspended from trading yesterday shortly before the Commission's announcement. Earlier in the day, the company's management said it would make a special announcement next week, and shares fell 70 pfennigs to DM18.80.

The government of the north German city of Bremen, Bremer Vulkan's home town, yesterday called for an emergency meeting of politicians, bankers and trade unions.

The Commission said any funds originally earmarked for Bremer Vulkan's east German shipyards, but used elsewhere in the group, must be returned to the use for which they were approved.

Bremer Vulkan - which employs over 23,000 workers - bought two east German shipyards from the Treuhander privatisation agency in the early 1990s. It guaranteed to invest DM750m (\$510m) in them, an amount substantially matched by federal aid.

It recently set up a "cash pool" to fund the group's entire operations and special projects, which was due to total DM850m, including at least DM500m of loans backed by the city of Bremen, MTV and Volkswagen. Bremer Vulkan's two east German shipyards in Mecklenburg-Vorpommern state, had been due to receive DM95m and DM64m respectively from the cash pool last December.

But the cash pool failed to allocate the DM155m to the eastern yards, prompting complaints by rival, unsubsidised Danish shipbuilders that Bremer Vulkan had been abusing government-backed credits.

The Commission has been studying audits by the German government which suggest that some of the cash pool did not go to the east German yards for which it was earmarked, but into Bremer Vulkan's accounts.

The Commission said it would investigate the case to ensure the aid was returned to the east German yards as soon as possible. "The key point that we have to check is to ensure that this money is returned to its proper destination," said an official.

A consortium of banks, led by Commerzbank, had extended a DM300m credit line to finance Bremer Vulkan's orders last September, with a further DM220m pending Commission approval, both backed by the city government of Bremen.

These credit lines were poured into the cash pool, although there has been concern in Brussels they amounted to subsidies.

THE LEX COLUMN

Rentokil springs its trap

Rentokil brings three things to BET: management, management and management. Its record gives Rentokil a head start in its £1.5bn bid for the group's business services rival. It was a point Rentokil rammed home yesterday, when the group announced a 13th consecutive year of earnings growth over 20 per cent. It is difficult to pin down precisely what has made the group so much more successful than its competitors. But a culture where profit responsibility rests directly with 600 branch managers, resulting in a highly motivated workforce, is certainly part of it. If it can apply this to BET's £1.7bn turnover - twice its own - it ought to yield huge benefits.

Rentokil has already identified scope to raise prices and margins, develop BET's "initial" brand and spend more on sales and marketing. Nor has it set its face against selling operations that fit less well.

Rentokil has another ace up its sleeve. Because it is largely using its highly-rated paper, the current 190p-a-share offer should enhance earnings before cutting even £1 of cost at BET. Meanwhile, interest cover should remain comfortably over eight times.

In response, BET accuses Rentokil of conglomerate-building. But as Granada's victory over Forte showed, that need not work against a strong management. BET would do better to point to the beginnings of organic growth after years of retrenchment. Even so, it looks as if an increased offer is as much as BET can hope for. Rentokil could probably raise its bid to 210p without breaking into a sweat.

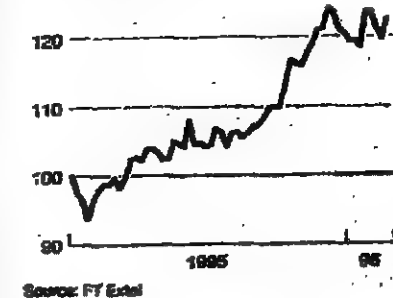
Lloyds TSB's position as the darling of the banking sector appears unassailable. Yesterday's pre-tax profits increase of just over 15 per cent, excluding restructuring costs, does not appear particularly exciting. But the prospect of the cost-cutting benefits still to come from Lloyds' merger with TSB last year makes the group more appealing than its peers. The £350m in annualised savings which Lloyds TSB projects by the end of 1996 is rightly considered conservative. But since the market has already priced in more than that, the management has no room to slip up.

Still, Lloyds' premium relative to its peers - it is trading at around 13 times prospective 1996 earnings, compared with around nine times for Barclays and NatWest - is justified. The question is rather whether the entire sec-

FT-SE Eurotrack 200:
1656.9 (+0.5)

Retail banks

Relative to the All-Share (FT-SE-A Index)



Source: FT Intel

on £20m of cost savings in 1997 and it should also be able to squeeze higher revenues out of the enlarged group.

The snag is that the same logic applies to Gehe, which has deeper pockets. Unfortunately for UniChem, it needs the deal more than Gehe, which could pursue other bid targets in Europe. Of course, UniChem could also look to the continent, but without cost savings to help it along the way. Without Lloyds, UniChem is solid enough, but its earnings prospects would look decidedly less rosy. If Gehe does top the offer and win the battle, the recent rise in UniChem's share price is likely to be reversed.

UK share buy-backs

Boonant corporate cashflow and low interest rates create the ideal conditions for companies to hand spare cash back to shareholders. But is the tax system, as Reuters argues, stacked against this?

It depends. Where companies have plenty of Advance Corporation Tax capacity the tax system positively encourages special dividends and buy-backs: they are a lucrative source of tax credits for tax-exempt institutions. But where companies lack ACT capacity Reuters is right: they will pay more tax if they distribute cash than if they retain it. This is a nonsense. The tax system should not distort companies' decisions in this way.

The snag is that abolishing ACT, the source of the problem, would mean re-writing the corporation tax system from scratch. This may be desirable, but it remains a distant prospect. In the meantime, a more rough-and-ready proposal from Reuters - that companies should be allowed to buy back shares without paying ACT - would be a modest step in the right direction.

It need not cost the government money. Although the exchequer would receive less ACT, it would also have to pay out less in tax credits, on balance, it might actually benefit. Any net cost to the Treasury would probably stem from the unwinding of surplus ACT, which is an unjustifiable tax anyway.

Of course, tax-exempt institutions would inevitably squeal at being deprived of part of their luscious tax credit honeypot. But this is a price worth paying to allow many companies to distribute cash without tax interfering in the decision. It would let them set their capital structures according to business needs, not tax criteria. This is, after all, what tax policy should be about.

Fall in US output prompts talk of further rate cut

By Michael Prowse in Washington

US industrial production registered its largest decline since the 1980-81 recession last month, partly because of severe winter weather, the Federal Reserve said yesterday.

Economists said the figures were weak enough to justify another quarter-point cut in short-term interest rates at the Fed's policy meeting next month.

Mr Alan Greenspan, the Fed chairman, may hint at his intentions on Tuesday when he releases new economic forecasts and delivers his semi-annual monetary testimony to Congress.

The Fed said production dropped 0.6 per cent last month, after revised gains of 0.3 per cent in November and December. Production in the year to January was up a marginal 0.1 per cent.

Industrial capacity utilisation dropped to 81.9 per cent, its lowest level in more than two years, indicating that inflationary pressures will remain subdued.

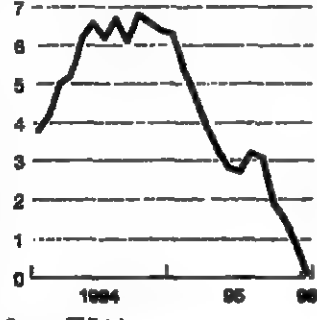
Financial markets, which had been braced for an output decline of as much as 1 per cent, reacted negatively in early trading.

By midday the Dow Jones Industrial Average, having recovered some ground, was 33.33

Greenspan may hint at plans in monetary testimony to Congress

US industrial production

Annual % change, seasonally adjusted



Source: FT Intel

down at 6,518.14. The benchmark 30-year Treasury bond was down two-thirds of a point to yield 6.312 per cent.

The data were the latest in a series of weak figures that have prompted talk of a possible recession this year.

However, the consensus view on Wall Street is that the economy will rebound in the spring. Figures for January were heavily distorted by bad weather and the impact of a partial shutdown of the federal government.

The economy was likely to be sluggish for some time, said Mr Richard Berner, chief economist

at Mellon Bank in Pittsburgh, but there was little danger of a "cascading contraction".

Given the lack of upward pressure on inflation, the Fed was likely to cut short-term interest rates by a further quarter point in March to 5 per cent, he said.

The Fed said the output of most industrial sectors dropped last month, partly as a result of severe weather.

Production of cars and motor vehicles fell 4 per cent, with some of the drop occurring in the week of the blizzard which closed down much of the east coast.

However, the output of business equipment rose 1 per cent in January, boosted by an increase in computer production and a rebound of aircraft output following the strike at Boeing last year.

In separate reports yesterday, the University of Michigan said its consumer sentiment index fell to 86.6 per cent this month from 88.3 per cent in January, signalling concern about economic prospects.

Construction spending in December was reported to be 0.9 per cent higher, reversing the decline reported for the previous month.

FT WEATHER GUIDE

Europe today

A low pressure system will bring north-westerly gales to the Dutch coast. Thunder showers will spread across the Benelux countries, northern France and Germany. Snow will fall in the northern parts of the Alps, spreading to Slovakia and Poland. Snow will also prevail over the Baltics, Belarus, Russia and southern Sweden. High pressure will bring mainly dry conditions to the British Isles, but rain will develop in Scotland and Ireland. Greece and southern Turkey will have rain.

Five-day forecast

After the weekend low pressure in the Mediterranean region will push warm air towards the Alps and the Balkans. This will bring rain to Italy and parts of the Balkans, and snow to the Alps. Cold air with occasional snow will move across Germany towards France.

TODAY'S TEMPERATURES

Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	32	25	Amsterdam	10	8	Beijing	1	-1
Accra	32	25	Batavia	32	25	Bombay	32	25
Algiers	15	10	Bombay	32	25	Buenos Aires	15	10
Ankara	10	5	Bombay	32	25	Calcutta	32	25
Antwerp	10	5	Bombay	32	25	Chengdu	10	5
Athens	15	10	Bombay	32	25	Dhaka	32	25
Bahia	32	25	Bombay	32	25	Hankow	10	5
Bangkok	32	25	Bombay	32	25	Hong Kong	10	5
Barcelona	15	10	Bombay	32	25	Kobe	10	5
Bombay	32	25	Bombay	32	25	London	10	5
Buenos Aires	15	10	Bombay	32	25	Los Angeles	15	10
Calcutta	32	25	Bombay	32	25	Madrid	15	10
Chengdu	10	5	Bombay	32	25	Moscow	10	5
Dhaka	32	25	Bombay	32	25	Nairobi	15	10
Hankow	10	5	Bombay	32	25	Paris	10	5
Hong Kong	10	5	Bombay	32	25	Rangoon	32	25
Kobe	10	5	Bombay	32	25	Seoul	10	5
London	10	5	Bombay	32	25	Singapore	32	25
Los Angeles	15	10	Bombay	32	25	Sydney	15	10
Madrid	15	10	Bombay	32	25	Taipei	10	5
Moscow	10	5	Bombay	32	25	Tokyo	10	5
Nairobi	15	10	Bombay	32	25	Ulaanbaatar	10	5
Paris	10	5	Bombay	32	25	Vancouver	10	5
Rangoon	32	25	Bombay	32	25	Yokohama	10	5
Seoul	10	5	Bombay	32	25	Zurich	10	5
Singapore	32	25	Bombay	32	25			
Sydney	15	10	Bombay	32	25			
Taipei	10	5	Bombay	32	25			
Tokyo	10	5	Bombay	32	25			
Ulaanbaatar	10	5	Bombay	32	25			
Vancouver	10	5	Bombay	32	25			
Yokohama	10	5	Bombay	32	25			
Zurich	10	5	Bombay	32	25			

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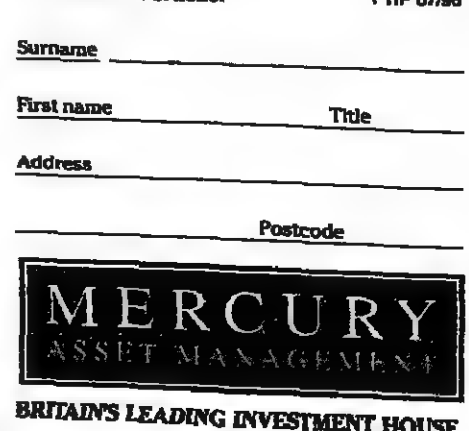
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Weekend FT

Argentina's rebel who lost his causes

Eduardo Crawley and Colin Harding examine the career of Enrique Gorriarán Merlo

A decade awaiting the signature of president Carlos Menem of Argentina is expected soon to pardon all the country's convicted terrorists - except one. That man is Enrique Gorriarán Merlo, who was tracked down last October after an extraordinary career of violence and intrigue spanning 20 years and two continents.

To his hands of armed supporters, Gorriarán was a freedom fighter trying to keep alive the revolutionary dreams of his comrade Ernesto "Che" Guevara. Now, he seems a relic from the past. He was almost the last to keep up the armed struggle, long after less committed revolutionaries had been defeated, killed or given up.

Like Guevara, Gorriarán came from a conventional middle-class background in the Argentine city of Rosario, but political convictions gave both men an international vision. Whereas Guevara fought in Cuba and the Congo, finally dying in the Bolivian jungle in 1967, Gorriarán's most notorious exploit was in Paraguay in 1980 when he murdered a former Nicaraguan dictator.

He had taken part in the overthrow of General Anastasio Somoza by the Sandinista revolutionaries in 1979, and was rewarded with a senior position in the new left-wing Nicaraguan security police, in charge of operations outside the country. One of his first missions was to track down Somoza to his bolt-hole in Asunción, the capital of Paraguay, which was firmly under the thumb of another long-serving dictator, General Alfredo Stroessner.

This was no easy task; Gorriarán was on the most-wanted lists of the right-wing military regimes that, in 1980, controlled all the surrounding countries: Argentina, Brazil and Bolivia. But Gorriarán and his team managed to slip into Paraguay, set up a safe house

in Asunción and started stalking their prey. On September 17 1980 they struck. One of Gorriarán's men fired a rocket-propelled grenade at Somoza's car as he drove along a quiet suburban street. Gorriarán finished him off with his automatic rifle.

This was to be the high point of Gorriarán's career as an international revolutionary. Back in Managua, his Sandinista employers were so delighted that they granted Gorriarán the coveted title of "Comandante", a rare distinction for a foreigner.

He had insisted until then on being called by his nickname,

Gorriarán's first success as a secret policeman was to eliminate Pablo Salazar

"Peinado" (Baldy). But now even old friends were instructed to call him "Comandante Ricardo" (his non-descript name). He lived in a luxurious mansion in Managua and took to driving around town in a Mercedes Benz.

Gorriarán had come a long way since helping to found the People's Revolutionary Army (known by its Spanish acronym, ERP) in Argentina in 1968, at a time when small guerrilla organisations were springing up all over Latin America after the Cuban Revolution. He had been imprisoned, had taken part in a mass jail-break, involving the hijacking of two airliners, and made his way to Cuba via Chile.

Soon after returning to Argentina, in January 1974, Gorriarán led an ERP assault on one of the Argentine army's most powerful units, the armoured regiment at Azul, south of Buenos Aires. After a long battle the guerrillas were

forced to withdraw, but not before killing the base commander and his wife.

The ERP leadership deemed the operation a failure, however, and demoted Gorriarán, sending him off to do a stint of grassroots organisation in a factory.

At the time Argentina was ruled by General Perón, who had returned from years in exile on a wave of popular acclaim. Perón had, however, become increasingly conservative in the intervening period, and Gorriarán and his fellow left-wingers soon lost patience. The Azul attack was designed to force the general to take sides as Argentine politics became polarised.

It succeeded. Perón had the excuse he needed to step up what later became known as the "dirty war" against his left-wing tormentors. The ERP, in response, launched a guerrilla campaign in Tucumán, in the poverty-stricken north-west of Argentina. It assumed the local people would rise up in support.

Instead, the army perfected its counter-insurgency techniques: unacknowledged arrests, clandestine detention centres, systematic torture and secret executions. Tucumán was a miscalculation by the ERP. The army soon began to get the upper hand, and in this desperate atmosphere Gorriarán earned himself another demotion. He ordered the "execution" of a fellow ERP member whom he suspected of being an army informer.

The collapse of the ERP, when it came, was swift. In July 1978 most of the leadership was cornered by military intelligence agents in a Buenos Aires apartment and most of them died in the ensuing gun battle. Only one got away: Gorriarán, who fled into exile.

Far from admitting defeat, Gorriarán saw his enforced absence from Argentina as another opportunity to advance the world revolutionary cause. He began to shuttle

between Fidel Castro's Cuba, the few other Latin American countries not run by military dictators (Mexico, Venezuela, Colombia) and Italy.

There he hatched a characteristically ambitious scheme: to rebuild the ERP's fighting capacity and return to Argentina to resume his pursuit of the Guevarist dream.

Gorriarán organised a string of robberies and kidnappings in Italy and France during 1977, to raise funds for a "military school" in Italy, run by a Tucumán veteran known as "Santiago" (his real name was Hugo Izurdo).

But the ERP's political apparatus, the Workers' Revolution-

ary Party (PRT), disapproved of such a "militaristic" approach; it disbanded the school and took charge of ERP's finances.

Undeterred, Gorriarán led a breakaway from the PRT and moved his European base to Spain. Things went well there for a while, until a number of successful small hold-ups bred over-confidence. The previously tolerant Spanish authorities were finally obliged to clamp down on Gorriarán and his friends after they attempted a big bank raid.

Gorriarán was brooding in Paris after this latest setback when the call came from Nicaragua. The Sandinista revolu-

tionaries, led by Daniel Ortega, were preparing for a final push against the dictator Somoza in the early months of 1979, and they needed some hardened fighters to bolster their forces. Gorriarán was on his way again.

He saw action on Nicaragua's southern front, where the fighting was fiercest, and was assigned to the interior ministry after Somoza fled in July 1979 and Ortega's Sandin-

istas took power. Gorriarán's first success as a secret policeman, which convinced his bosses that he could be entrusted with the Somoza assassination, was to eliminate the dictator's most effective military commander, Major Pablo Emilio Salazar.

Salazar had fled into exile in Honduras with his wife, leaving his mistress, Barbara, to

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Joe Rogaly

Too busy for bombs

Getting down to business might offer Ulster a hope of lasting peace



Business helped ease the transition to democracy in South Africa and Chile. Corporations such as Coca-Cola supported the advancement of black Americans in Atlanta, Georgia. How about Ulster? The correct answer is that nobody knows.

The existence of a problem does not constitute evidence that there is a solution. The use of violence has not resolved the conflict. Political strategies have not produced a permanent ceasefire. Could companies, and their managers, do better?

Perhaps. You would not catch the saying "what is good for business is good for the north of Ireland" but put it the other way round and you have my nod. What is good for the troubled provinces - the promotion of peace - would be excellent for the economy and every company working within it. That is why businesses have an incentive, based on self-interest, to do what they can to take the venom out of north-west Europe's murderous dispute.

They understand this in South Africa, a country misleadingly cited by Sinn Féin/IRA as a model of conflict resolution. I say misleading because the African National Congress, which represented the overwhelming majority of the population, was denied the

vote. Sinn Féin, elected by a tiny fraction of the voters in the six provinces and an even smaller one in the Republic of Ireland, has only to renounce violence to be recognised as a democratic party.

There may, however, be a lesson in the way large South African companies behaved during the years leading up to ANC rule. About a dozen of them have sponsored research into the role of business in transitions to democracy in seven countries, plus Atlanta, where the change was in the racial balance of power. The work was done by Peter L. Berger, a distinguished conservative professor of sociology at the University of Boston, and Ann Bernstein, of South Africa's Centre for Development and Enterprise.

There is nothing namby-pamby or soft-headed about their approach. Professor Berger says he is irritated by the phrase "social responsibility" applied to business. "It is futile to expect institutions to do something they are not set up to do." What happened in South Africa, as Ms Bernstein explained, was that business, conscious of its role in society, became a key player during the years between negotiations and the election of Nelson Mandela.

Among other things, companies supported the voter registration drive and helped edu-

cate the electorate. I would add that it was a group of enlightened South African businessmen that acted as go-between in the first exploratory contacts between the ANC and the then Afrikaner nationalist government. Anglo-American has often indicated that what was good for its home country was good for its shareholders. South Africa - and Anglo - are resp-

Accelerated development of the private sector is the way forward

ing the rewards today, in rapid economic growth.

In Georgia in the early 1990s several large companies run by southern, white, executives put money into "Central Atlanta Progress". This body developed a plan to make the city home to an international convention centre. Jobs were created and black entrepreneurs encouraged. Companies began to move to Atlanta, which named itself "the city too busy to hate". Not all is sweetness and light. "Affirmative action", giving preference to black applicants for jobs, is

a part of this story. Ms Bernstein disapproves of quotas.

I listened to her account at a seminar organised by the Institute of Economic Affairs Health and Welfare Unit on Wednesday. A participant reminded us of Chile, where business encouraged the country's Socialists and Christian Democrats to undertake not to interfere in the free market. The same corporate persuaders flinched the creation of two pro-capitalist parties. The then military dictator, General Pinochet, had no excuse not to step down after promising to do so if he lost an election.

We were also entertained by a tongue-in-cheek discussion of whether business always welcomes democracy. In Hong Kong, we were told by professor Berger, no executive interviewed during a week-long visit was in favour. The argument ran thus: every country that has a welfare state goes into economic decline. To stop the welfare state, you must stop democracy.

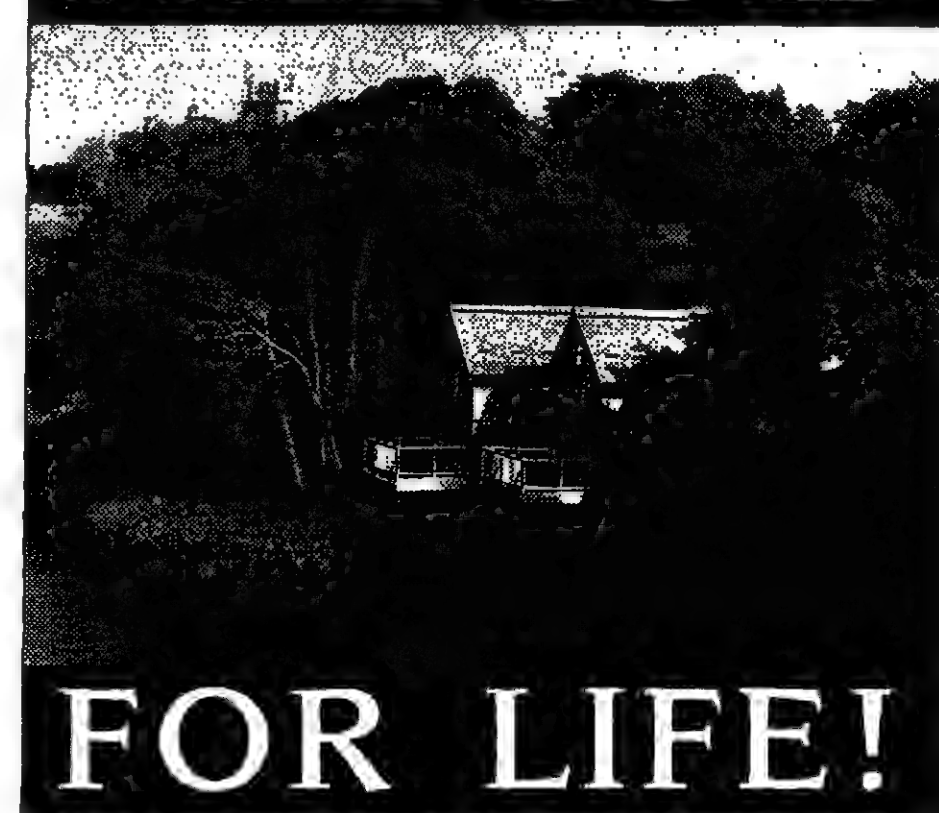
This could hardly apply to Northern Ireland, which is a quintessential welfare state. That may not be in the long-term interest of business, but it is too late to stop democracy. Accelerated development of the private sector is the way forward. This is widely recognised. The inward investment programme, backed by government grants

and other incentives, is having some success.

The IRA bomb that broke the peace eight days ago should be irrelevant to this. With luck, it is. Earlier this week J. Sainsbury, the UK stores group, said that its plans to develop seven new shops for the province, at a cost of £100m, would not be altered. The various American-backed schemes to bring business to Northern Ireland have not been abandoned.

These are outsiders coming in. As to local strategies, Ulster companies are contributing to "Northern Ireland Growth Challenge", which has a staff of around 20, mainly on secondment from companies. Echoing Atlanta, the NIGC aspires to make its province the "fastest growing region in Western Europe". It was invented by the Confederation of British Industry in 1983, but took until early this year to set properly set up. It has identified seven industrial "clusters", at least three of which stretch across the whole island. These are food processing, tourism, and software. The NIGC fosters networking, communication, exchanges of ideas. In other contexts it might be written off as airy-fairy. In Northern Ireland it could be of some use. Everything else has failed; only escalating economic growth remains.

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PERSPECTIVES

Science / Andrew Derrington

One man's poison is another's cure

How a dose of botulism can treat conditions as diverse as writer's cramp and cerebral palsy

Chris Ward, professor of rehabilitation medicine at Nottingham, deals with a lot of difficult cases. For some of them the best he can offer is an injection of botulinum toxin, the most poisonous substance known. Surprisingly, this makes them much better. It seems that there is nothing quite like it for relaxing muscles.

The legendary microbial poison, the villain of food poisoning outbreaks and a potential chemical warfare agent, is another example of a lethal poacher turned medical gamekeeper.

It is rapidly gaining acceptance as a treatment for conditions ranging from cerebral palsy to writer's cramp.

Toxin for therapeutic use, marketed by Speywood Pharmaceuticals under the name Dysport, is produced in the UK at the Centre for Applied Microbiology Research, a government laboratory at Porton Down (not to be confused with the chemical and biological defence establishment at the same site).

Botulism is usually caused by toxin produced by the microbe *Clostridium botulinum* growing in food. The microbe is anaerobic - it only grows when oxygen is excluded - and so it is a hazard in preserved or tinned foods if there has been a lapse in hygiene during preparation.

It occurs occasionally as an infection in deep wounds and extremely rarely as an intestinal micro-organism in infants.

Peter Hambleton, director of production at CAMR, says that botulism is more common in North America than in the UK.

"They do more home preserving of meat and vegetables than we do... but it's a common problem

with fermented meat products too. Outbreaks in Europe have been linked to blood sausage (botulus is Latin for sausage).

"In North America Imitis (Rakim) sometimes get it from eating fermented blubber."

Botulinum toxin affects the nerve terminals, known as motor endplates, in muscles. It blocks release of the chemical messenger acetylcholine, which commands the muscles to contract.

The result is weakness and paralysis. Death occurs when the muscles that control breathing become paralysed. The toxin's effect on the motor endplate is reversible but after a few weeks - if the patient lives that long - the

nerve will sprout a new endplate and re-establish control.

The extremely high specificity of botulinum toxin - it goes straight for the motor endplate - means that it is possible to weaken individual muscles by injecting them directly. This makes it a useful treatment for a range of conditions known as dystonias where muscles contract or twitch inappropriately.

"It's good stuff," says Andrew Lees, a consultant neurologist at the National Hospital for Neurology and Neurosurgery in London.

"Here was a group of thousands of desperate people for whom you couldn't do a thing. Now the affected muscles can be injected and the twitch stops."

In the past dystonias were often treated (unsuccessfully) as psychiatric disorders, but now it is known that they are caused by problems in the parts of the brain controlling the muscles.

"Botulinum toxin is a palliative treatment: it's not really getting at the cause," says Lees, but it makes life bearable for thousands of sufferers.

Although at present it is only licensed for use on spasms of the face and neck and for correcting squint, botulinum toxin has been used experimentally to treat children with cerebral palsy.

Rigidity, caused by problems in the brain areas that control the muscles, restricts movement which

It is an unbelievably tiny quantity. A vial of 500 mouse units of Dysport contains about 2 nanograms (billionths of a gram) of the toxin. A vial costs about £170 which, at \$85 trillion a kilogram, must make the toxin one of the world's most expensive substances.

Confusingly, the mouse unit is not a uniform standard. According to Ward the two leading brands available in the UK have different strengths. Botox, produced by the US company Allergan, is about five times as strong as Dysport, mouse unit for mouse unit.

Hambleton says that manufacturers have different regimes for testing the strength of their toxins and this may change the apparent efficacy. Because of this confusion, I advise readers not to take any botulinum toxin without first checking the manufacturer's name. Remember: one man's poison packs more punch than the other's. The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

Climber's long haul to success

Clive Fewins meets a man who does odd jobs at the end of a rope

There was no beating in Norman Stanier's terraced house in Hay-on-Wye, Powys, when he moved in after buying it in the winter of 1976, so he asked the building society for an additional loan to fund the installation.

A condition of the loan was that he repaint the house. He did the job himself, using his climbing skills and a rope harness to work on the chimney.

"I suppose it went through my mind at that time that I could earn a living from doing odd jobs on the end of a rope but it was not until my 40th birthday party nine years later that, together with a few friends, I thought seriously about forming a company specialising in roped access to large industrial and other buildings," said Stanier.

A physical education graduate and former Outward Bound instructor, Stanier had lived in Hay when he was deputy warden of an outdoor pursuits centre. By the time he was 40 he was running a large urban outdoor activity centre in Birmingham.

Together with his wife, Ann, and some former Outward Bound colleagues, he came up with the name Wallwalkers.

The next step was to sell his services to the authorities at Coventry Cathedral. "They were anxious to have the Sutherland Tapestry and the engraved plate glass Great West Screen cleaned and were keen to avoid scaffolding. The tapestry had narrowly avoided severe damage when a scaffold tower belonging to previous contractors inside the cathedral crashed beside it," Stanier said.

He added: "The Dean and Chapter looked on while a colleague and I demonstrated our skills 80ft above them. We got the job. It took four people 15 days and we were paid \$5,000. Wallwalkers was in business."

The enterprise was dormant while the Staniers gave the idea more thought and concentrated on bringing up two boys. Norman continued with his job in Birmingham, and Neil Bryant, his co-founder who had given the fledgling

company a £1,200 interest-free loan to buy equipment - and later added £10,000 - left to live in Australia.

In July 1989 the Staniers turned Wallwalkers into a limited company. This led to work for several local authorities. In addition, they gained further work at Coventry Cathedral and, as a spin-off, cleaning work on the outside of a large office block in Coventry.

By that time Stanier was starting to believe they had the beginnings of a successful business. However, he enjoyed his work in Birmingham and was finding it hard combining the two jobs.

"The Coventry office block was the turning point," he said. "For £15,000 we did a job for which the cost of the scaffolding alone would have been \$80,000."

Word spread in the South Midlands - the Staniers were living near Coventry at the time - and the next big job was at Warwick Castle.

"We were lucky," Stanier said. "I was having great difficulty convincing the architect that our techniques worked when I had an SOS one evening to say that a large piece of stone had fallen off a tower where the queue for the dungeons lines up in the daytime."

"Between first light and the castle opening time at 10am we dangled the castle architect, chief stone mason, and engineer over the ramparts to assess the damage and take photos. We worked from dawn to 10 every morning and every evening after the castle closed. For 10 days' work we were paid \$2,500."

Eventually, in December 1993, Stanier left his job in Birmingham to become self-employed and undertook a consultancy monitoring countryside watersheds for the Sports Council.

"I was able to work flexible hours and develop Wallwalkers to the point where I thought it would support the family. This was a very valuable transitional six months while I got used to having no regular salary," said Stanier.

In 1992 the Staniers left the Midlands for Norman's native



Hanging around saving a living: Wallwalkers at work

Herefordshire to live in a house on his father's fruit farm, assist with the farm in what spare time they had, and establish an office in his parents' large house.

"We knew we could run the business from anywhere, as our pool of labour - all climbers and self-employed - lived all over the country," Stanier said.

Profits have grown from \$4,350 on a turnover of \$19,500 in 1992-93 to \$47,500 on a turnover of \$118,000 in the financial year that ended last July.

"Our figures look very good but the intervening year, 1993-94, saw a dip - a profit of a mere \$2,700 on a turnover of \$50,500," said Ann Stanier, 42. "We can't quite work out the

reason for this, as we had a busy year and did not pay ourselves a great deal. However, we had to buy a lot of cleaning equipment that year and also repaid the £11,200 loan."

"The other side of the coin was that the following year a number of big jobs that we had been chasing for up to four years came our way, so the figures for that year were very good."

Stanier said: "The seven months since last July have been busy, but we do not know what the rest of 1996 holds. We hope to undertake work for English Heritage at Rievaulx Abbey in north Yorkshire, more work for Warwick Castle and more work at GCHQ in Cheltenham. In 1991 we

cleaned the top secret M-block there."

Stanier leaves most of the labour to his 10-strong team, which includes Lucy Creamer, one of the UK's top women climbers. He also designs and writes building safety packages and emergency evacuation systems, and produces safety training videos.

"It has all worked well and the future is looking good," said Stanier. "But we are not lulled into a false sense of security by our large profits last year. There are lots of hidden imperfections in this business and quoting is always tricky. After all, we only get the jobs because they are considered difficult."

"We have no outstanding

loan liabilities and feel fairly financially secure, but we still have to dip into our \$50,000 working overdraft - usually to buy materials."

"If I have any advice for aspiring small businessmen it is over the whole difficult area of running a company in conjunction with friends. "We started by doing this and found it did not work out. You need exceptional diplomacy and communication skills to achieve this successfully."

"We failed. We managed to part amicably - but we had to work at it."

Wallwalkers Ltd, The Dragon House, Pwllay, Herefordshire HR3 2RG. Tel: 01531-570965.

Dispatches / Kieran Cooke

Irish Year of the Rat

Without Doris, Chinese new year will not be the same. My mother-in-law is at home in Singapore. We are in the wilds of Ireland, the nearest sizzling wok hundreds of miles away.

"You mean you cannot buy preserved jellyfish?" asks Doris down a crackly phone line. "Not even fresh noodles?"

When we said we were returning from the Far East to a cooler climate our sanity was questioned. To Chinese of the old school like Doris, civilisation is defined by the availability of oriental foodstuffs.

The nearer you are to a shop selling dried mushrooms and fresh bamboo shoots, the more advanced the place. On this not unreasonable measuring chart, Ireland does not score well.

The family goes into the Year of the Rat with coughs and colds. This is not auspicious. No greater authority on bodily malfunctions than Doris.

"Are there black chickens there?" comes the Singapore inquiry. "Not only the feathers must be black. The skin has to be black as well. You steam it up and drink the juice. Very good for fevers."

I am not in the mood for chasing hens round the highways and byways of Ireland, checking them for colour. Molesting chickens could be a serious offence in these parts.

"Boil an egg very hard," says Doris. "Then rub it all over. That will stop the flu."

"Do I eat the egg afterwards?" I ask. Certainly not, says Doris. The egg teases the badness out of the skin. Swallowing it would be asking for trouble. Severe stomach trouble could follow.

Doris is an expert on the digestive system. Once, having a jittery tummy after a surfeit of chillies, she pressed a medicine box into my hand. Inside were pills filled with what looked like ball bearings. I shook a couple of the pills into my hand. "No, no," said Doris. "Just gulp the whole phial down."

The accompanying leaflet explained the bearings would cure everything from itches of the scalp to sweetness of the feet. Along the way stomach disorders would be sorted out as well.

Not only did the pills produce a cure. In no time at all I was hooked on them, throwing down a couple of phials at the slightest sign of engine room trouble.

My countenance was at a breakfast in Hong Kong with a group of bankers. Feeling a little quiver in the stomach I quickly gulped a phial full. Turning back to face the

massed legions of money men I was horrified to feel a mace coming on.

The ball bearings, about a hundred of them, flew out like bullets from a machine-gun. The man from Standard Chartered ducked. The Bank of America got a fustillade in the chest.

The Bank of China watched bemused as one ball bounced, roulette wheel fashion, round his plate, finally landing with a plop in the yellow of his egg. "Ah," said the knowledgeable manager from the mainland. "You must have diarrhoea."

I have never gone near the pills, or been invited to a bank managers' breakfast, since.

The other ailment Doris waxes lyrical about is a peculiar affliction called heatiness. This, according to Chinese culinary traditionalists, is caused by eating the wrong combinations of foods or drinking too much strong alcohol, thus pro-

Doris describes preparations for the new year dinner in Singapore in minute detail

voicing a fire inside. "I feel heaty," Doris will say if she has mixed fish and meat. Or fruit and vegetables. Or sniffs a piece of cheese. The mere sight of me downing a glass of stout provokes an attack of heatiness in her that sounds the alarm at the fire station.

The cure is that ever present Chinese restorative, a cup of tea. Not any kind of tea. Doris travels with an assortment of teas that would do Fortnum's proud. Highland teas, lowland teas, green, red and orange teas. Heatiness is quenched by a rough Malaysian variety that smells and tastes like mature compost.

"I've sent a food parcel with all the medicines in," says Doris. Heaven help us. The last time such a consignment passed through Irish customs two sniffer dogs asked for early retirement.

Doris describes preparations for the new year dinner in Singapore in minute detail. It is torture. The rain is leaking outside. A cow walks nonchalantly across the lawn. But I can smell the sesame oil prawns frying in the wok.

"Doris, there are more things to life than food."

The line goes quiet. "I always said you had wind in the head," says Doris. "Happy new year."

Continued from page 1

fall into the hands of the vicious revolutionaries in Managua. Thirsting for revenge, she needed little persuasion to act as bait, and was sent off to Tegucigalpa, the Honduran capital, to make contact with her former lover. Barbara lured Salazar to a house where Gorriarán and his men were waiting. After being tortured, he was finished off with a bullet in the back of the head.

Gorriarán spent the next few years fighting the Nicaraguan government's enemies inside and outside the country: the US-financed right-wing Nicaraguan terrorists who came to be known as the Contras, and the right-wing régimes in neigh-

bouring El Salvador and Guatemala.

There he came up against his old opponents in the Argentine military, who were passing on "dirty war" expertise to their Central American colleagues.

It was an ironic role-reversal: while the Argentine officers were using what they had learnt from the ERP to train anti-Sandinista terrorists and guerrillas, Gorriarán and other ERP veterans became experts in counter-insurgency.

Throughout this period Gorriarán never lost hope of returning to his first battlefield, Argentina. By the mid-1980s military régimes had given way there to an elected government under President Raúl Alfonsín. But there was to be no reconciliation with Gorriarán, who was still

wanted in Argentina on charges of murder, conspiracy, incitement to commit crimes and attempting to overthrow the established order.

Most of the old Argentine revolutionaries had given up the struggle by this time, settling for Alfonsín's middle-class reformism as an improvement on military terror. But not Gorriarán, who remained an inflexible ideologue, wedded to the ideals of armed struggle.

By late 1984 he had slipped back into Argentina and set about rallying the dispirited remnants of the radical left. A handful of ERP returnees became involved in the Movimiento Todos por la Patria (everyone for the fatherland movement or MTP). Optimistic as ever, Gorriarán saw this as the embryo of another guer-

rilla army, and began a worldwide recruiting drive.

His main targets were former comrades in what was known as the Revolutionary Co-ordinating Board (JCR), a sort of conspirators' clearing-house created in 1974 under Cuban auspices.

Gorriarán's ERP had been among the founder-members of the JCR, along with like-minded organisations in Uruguay, Chile and Bolivia. Gorriarán cast his net wider, seeking out the scattered former followers of Carlos Mariátegui (Brazil's theorist of urban guerrilla warfare), and even a few Canadians.

As in Europe in earlier days, this improbable group's first task was fund-raising. According to South American intelligence sources, it took to inter-

national kidnapping in the mid-1980s, carefully selecting victims in Brazil, Mexico, Ecuador and Venezuela. A meticulous database was kept, courtesy of the Sandinistas, in a safe house outside Managua. This also doubled as an arms dump for El Salvador's Farabundo Martí National Liberation Front (FMLN) and a base for exiled members of the Spanish Basque terrorist organisation ETA.

The kidnappings are thought to have raised up to \$10m (\$5.5m). But the biggest operation of all was thwarted in 1988, when Brazilian police rounded up a gang consisting of Argentines, Chileans, Canadians and a Brazilian, who were attempting to collect a \$50m ransom.

From 1988, Argentine mili-

tary intelligence had a 15-man team permanently assigned to tracking down Gorriarán. By that time cracks were beginning to appear in his legendary obsession with secrecy, and the vanity apparent from his enjoyment of "Comandante" status in Nicaragua a decade earlier began to make him more vulnerable.

Gorriarán began to grant interviews in which he gloried in his past triumphs, disclosed his plans to bring together the lost sheep of the revolutionary diaspora and expounded his belief that, even though the Argentine military was no longer in power, a final armed showdown was inevitable.

There was not long to wait. In January 1993, a few months before President Raúl Alfonsín was voted out of office and

replaced by Carlos Menem, Gorriarán made his final move. Up to 50 MTP guerrillas attacked an infantry regiment barracks at La Tablada, outside Buenos Aires, claiming that right-wing extremists in the army were about to launch an uprising against the elected government.

At the end of a day of hard fighting, 11 soldiers and 34 MTP guerrillas lay dead. Yet again Gorriarán managed to escape and disappeared.

The Argentine public were astonished: these ghosts from the past had appeared from nowhere, and appeared to have nowhere to go. Gorriarán and his followers had become political anachronisms. In most of Latin America the left had renounced armed struggle in favour of electoral politics.

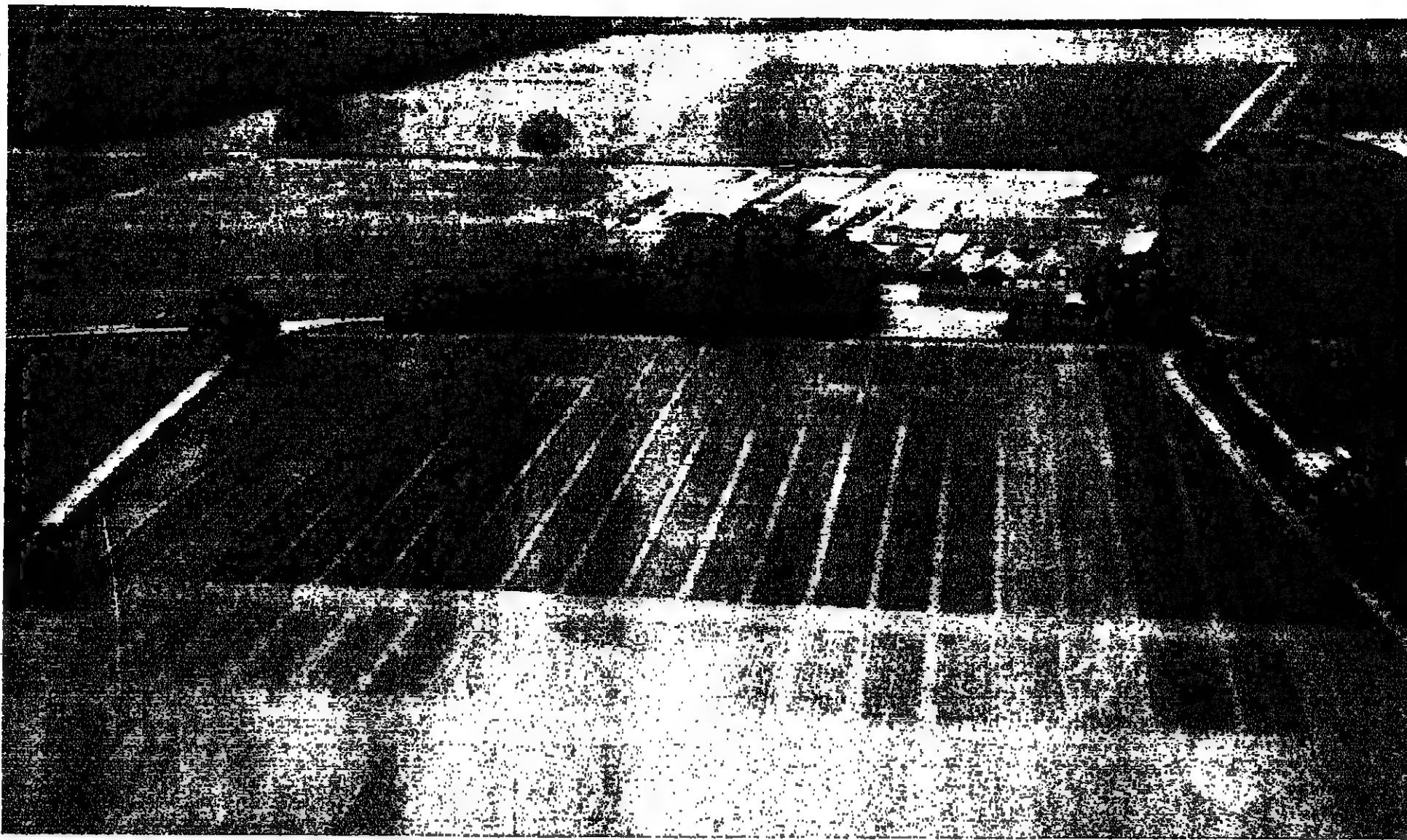
Even the Cubans, so supportive in earlier days, were horrified at Gorriarán's hare-brained escapade.

In the end, his failure to change with the times brought about his downfall. Others were less inflexible. Hugo Anzorreguy, the head of Argentine military intelligence, was once active on the radical left. After his men had cornered Gorriarán in Mexico and flown him back to Argentina last October, Anzorreguy said: "In a democracy we can do things the military dictatorships couldn't even dream of."

Edward Crawley and Colin Harding are editors of Latin American Newletters, London. Crawley's book, *Years of Shame: Argentina from the Dirty War to Menem*, is to be published shortly by C Hurst & Co. Harding's *Colombia: A Focus* is published on February 29 by Latin America Bureau.

مكتبة النجف

PERSPECTIVES



Broadbalk in summer. From right green strips treated with manure and nitrogen; yellow strips first unmanured, second treated with minerals only and green strips fed with nitrogen. Top left the wilderness

The 153-year-old experiment

Alison Maitland visits an agricultural research station dubbed 'keeper of the long-term conscience'

It is midwinter and the first shoots of wheat are peering through the soil in a field like no other in the world. In the chilly mist, the young plants look unremarkable. But in a few months, they will bloom into a spectrum of colour from verdant green to pale yellow.

A unique experiment in soil fertility is entering its 153rd year. This is Broadbalk, centre-piece of the world's longest-running continuous agricultural field trials.

These remarkable trials illuminate contemporary debate about the long-term effects of pollution, the sustainability of intensive food production, the limits of bio-diversity and the impact of global warming.

John Lawes and Henry Gilbert, the founding fathers of agricultural science, sowed the first wheat on the 12-acre plot at Rothamsted, in rural Hertfordshire, in the autumn of 1843. They wanted to measure the effect on crop yields of different soil treatments - from applying nothing at all, to farmyard manure, to artificial fertiliser.

Unprecedented as their investigations were, the two men can have had no idea that the experiments they started would go on to provide a unique insight into the most pressing agricultural and environmental problems of the late 20th century.

The experiments came about thanks to the entrepreneurial spirit of Lawes, who produced synthetic fertiliser by grinding animal bones and treating them with sulphuric acid at his 16th-century manor at Rothamsted. The profits he made from patenting and marketing the resulting "superphosphate of lime" allowed him to found Rothamsted Experimental Station, one of the country's leading agricul-



Flowers of jars in a shrine to the legacy of scientists Lawes and Gilbert

tural institutes, and begin his large-scale crop trials.

Lawes and his assistant Gilbert grew wheat year after year on Broadbalk - an unfashionable practice at a time when crop rotation was the norm. Each strip sustained a different treatment, with farmyard manure and inorganic fertiliser applied on either side of strips left unmanured or treated only with minerals.

"This was, and still is, so striking a visual demonstration of the importance of supplying nitrogen, in readily available forms that it is utterly convincing," says Johnny Johnston, Rothamsted's leading authority on the experiments.

With today's highly productive varieties of wheat, the best yields on Broadbalk have been obtained from soil treated with a combination of farmyard manure and artificial fertiliser. But the extra boost comes not from the applications of fresh fertiliser, but from the residues of past manure and fertiliser which have already enriched the soil. In other words, what matters is starting from a fertile base.

There are other lessons, too. One might have expected output from the strip that has never been manured to have declined over the years. Instead, it has consistently produced about 1.5 tonnes of wheat per hectare - equal to the global average wheat yield.

The main reason for these steady yields is that the soil has benefited from nitrogen in the atmosphere. Clay soils like those at Rothamsted are also good at recycling nutrients from the plants' roots, which are ploughed back in each year.

"What it's saying is that if you have a farming system which is compatible with the

rain emissions have plummeted in the last 15 years. Rothamsted has measured the rise and fall of sulphur in acid rain, from 6kg in the rainfall deposited per hectare per year in 1880 to 24kg in 1980, and down again to about 10kg in 1995.

In another of Lawes' classical experiments, pastureland has received different fertiliser treatments continuously since 1856.

The experiment enlightens the quest to preserve the world's shrinking fund of plant species. More than 80 grasses and herbs, some rare, grow on the unmanured plots. By contrast, only a few vigorous species grow on the plots enriched with fertiliser.

It takes just a few years to convert species-rich pasture to intensive crop production and lose natural diversity. Yet to return the soil to its natural condition, removing all traces of fertiliser, would take about 50 years of constant management.

"You can't simply and easily go back to an extensive system of farming and expect to have lots of varieties," says Keith Goulding of Rothamsted's soil science department. "Air pollution, and the number of people wanting access to the land, will also limit what we can do."

The experiments provide pointers to pressing questions about the impact of global warming on crops and vegetation. Forestry experts believe rising levels of carbon dioxide in the atmosphere have increased tree growth over the past 50 to 100 years.

But the same is not necessarily true of crops. Measurements on Rothamsted's pastureland have shown no increase in yields over the past century. The conclusion is that extra nitrogen - not

The poet with blood on his apron

Christina Lamb on the rhyming butcher and his Portuguese village

Since my 52-year-old mother shipped out of her Marks and Spencer twinset and into a minuscule silver sequin and peacock feather creation to samba her way through Rio's Carnival parade, I have learnt to expect the unexpected.

Be that as it may, it was still a surprise to discover that the burly butcher in a nearby village is a poet. Somehow one does not imagine that a ruddy-faced man who spends his days cutting slabs of beef and churning out sausages, may be simultaneously creating rhyming couplets.

I stumbled on Jose Valentim Lourenco, the rhyming butcher, by accident.

It was a wet and windy Saturday, so miserable that only the promise of a hearty Portuguese lunch of roast hog and red wine could drag me out from beneath the covers. Somehow in the tangle of narrow stone-walled streets between my village and the one famous for its hog lunches, I lost my way and found myself in Gouveia.

At the entrance of the village stood a large sign on which was painted in bold blue strokes "Welcome to Gouveia. Village in Verse".

Underneath was the following poem (roughly translated):
The roads are free-moving
The air is sweetly calm
The doors are all open
To welcome everyone.

Driving on, I saw that every street wall bore a tiled plaque on which a poem was painted inside a blue and gold border. There were rhymes about the chapel, the village square, the road to the sea, the wells and even the butcher's shop, encapsulating the history of the area.

Intrigued, I stopped a cherry-cheeked lady weaving baskets by the roadside. "Ah, you want Jose the Butcher," she said, waving an arm up the road.

"Yes, it was quite a day when we all woke up to find the poems on our streets. Of course we're pleased now."

They attract a lot of people to the village, taking photographs and buying souvenirs. This place was really rundown but with all the money coming in we've built a children's playground, restored the wells, the chapel and the town square."

Sure enough, not far along the road I found Jose Valentim Lourenco in his glass-fronted shop, hacking away at a large piece of pork. When I explained my interest in his verses, he wiped his knife on his blood-spattered apron and extended a flabby hand in welcome.

Still in his foul-smelling apron, he closed up his shop ("not much custom in the rain"), and led me into his house.

To my astonishment, Jose told me he had left school aged 10. His passion for doggerel was inspired by his grandfather. He used to accompany him into the fields every day to help tend the cows of a local farmer.

"My grandfather couldn't read or write but he could tell stories in verse. People would come from all around - the Peasant Poet they called him."

Working his way up over the years to owning his own cows

and eventually becoming village butcher, Jose, now 54, was determined to give something back to the place in which he had grown up.

He helped found a local theatre - no mean feat in a poor village of just 200 people - and started producing plays. With the proceeds, he launched a programme of public works and set about putting Gouveia on the map.

For a long time Jose had been making up poems as he chopped the meat into steaks or slapped it into burgers. "The rhythm of cutting gives me ideas," he grins. One day he got a brainwave. "The streets of Gouveia had no names," he recalls. "I decided I'd not only give them names but also verses."

For two years he walked the 18 streets, compiling verses.

"It's not easy," he said, "to put the whole history of a street in four lines." Secretly he worked with Geraldo, the local tilemaker, to paint the verses on tiles ready to place on the streets.

Secretly he worked with Geraldo, the local tilemaker, to paint the verses on tiles ready to place on the streets.

But they had overlooked one thing: "The roads had no walls," laughs Jose. "There was nowhere to hang the tiles." Undeterred, he led a campaign to build street walls of local stone. Finally he and Geraldo crept out late one night and put up the tiled verses.

The first most people in Gouveia knew of all this was waking up one Saturday morning to find that every street had its own plaque painted with a name and verse. That day was spent walking around, staring in wonder at each plaque and reading the verses to themselves and each other.

Not everyone approved. Jose recalls: "Some people felt the poems on their streets were not as good as on others. One complained that there were too many verses."

"Maybe I did go a bit too far giving poems to all the wells, the chapel and the public square fontains."

That night, it was decided that being the Village in Verse was a real coup for Gouveia. So it was proved. Portuguese villages like to be individual, each with its own yearly festival. So by becoming the Village in Verse, Gouveia put tremendous pressure on the surrounding villages.

Emergency meetings were held at village halls all over the area. Fontaneles, next door to Gouveia, even commissioned Jose to write some verses. But, as Jose admits: "My heart just wasn't in it. There can only be one village in verse."

None, so far, has managed to match the ingenuity of the rhyming butcher.

Letter from Bangkok/Ted Bardacke

Surviving a race through chaos

You have to enjoy extremes to live in Bangkok. The sun and the tolerance, the chaos and the crowds, the pollution and the traffic. Especially the traffic. Occasionally, as a vaccine against insanity, you have to take an extra dose of these extremes.

That is exactly what I and 10 other residents did one Saturday, racing through 55km of the choked streets of Asia's most polluted city.

This was no Tour de Bangkok. The local authorities did not block off streets and reserve special lanes for the cyclists. Rather it was a no-rules, no-privilege, cut-off-the-between-the-cars, cut-off-the-motorcycles, use-the-stop-if-you-have-to, run-the-red-light dash where the competing desires of survival and a fast time hung in the balance.

Having reported from the troubles in Haiti and Chiapas, along with the uneventful and sorry post-civil war operations in Cambodia and Burma, the race was the closest I have

been to real combat reporting. Like a trained observer of missiles, military vehicles and machine-guns, during the race I became acutely aware of the different exhausts and sounds of different vehicles.

Blue smoke and a high-pitched wail is a sign of the dreaded two-stroke motor cycle. The three-wheeled tuk-tuks combine white smoke with a putt-putt sound. The rumbling buses spew a sooty diesel from mufflers strategically placed right at nose-level. Silent and sleek limousines churn out invisible and odourless CO.

Luckily, race organisers provided everyone with a face mask, although that did not stop my nose from dripping a gritty black ooze for several days after.

Early in the ride I was chased by a pack of dogs. Normally, this does not happen in Bangkok, where the street mutts are generally tolerant of two-wheeled traffic. But these particular sharp-toothed creatures began by going after a

pick-up truck in which the passengers riding in the back had fled their trip.

As the truck sped away, the dogs turned their attention to me. I eventually got rid of them by darting across two lanes into the middle of the road and using the cars whizzing around me as protective shields.

Yet more often than not, vehicles were a hindrance, not a help. Although the race was held on a Saturday - some masochist's suggestion that it be held on a Friday afternoon that coincided with an end-of-the-month payday was rejected - traffic was still congested around the city, especially in Chinatown, where new year preparations were in full swing.

There I lost a great deal of time to my competitors when I got stuck between a bus, a cement truck and a black BMW. The pavements here, equally as congested as the streets, were simply not an option.

Another problem was at the

road planning joke known as the old and new Phra Pok Klao bridges. Although the old bridge, and the one I wanted to use, goes over the river to the left, entrance to it can only be gained from the extreme right lanes. As I fought the cars which were merging left to get on to the new bridge going right, I posed that classic Bangkok question: wouldn't it be easier to tear down everything and start all over again?

That, in addition to being impossible, would simply not be right. Bangkok is a living thing, with wonders tucked in among the madness, small and unexpected joys such as the continual cheers of encouragement from the motorcycle-taxi drivers playing draughts at their queue. Or the policeman who held up traffic after the light had changed so that I and a three-wheeled contraption powered by a 50cc motor cycle engine and laden down with hand-made dust brooms could continue safely on our way unimpeded.

Even the colour black, so often associated with the bawdy sky and the grime that accumulates on your skin, was beautiful in places. In the neighbourhood around Chitlada palace, home of King Bhumibol Adulyadej, most of the women were dressed in black, still mourning the Princess Mother, who died in July and will be cremated in March. And the Chao Phraya river, running black because of pollution, was a buoyant bustle of barges and tugs, ferries and ocean liners.

The bridges were also of some comfort because the traffic flowed easily and we cyclists could concentrate on our speed. If traffic was the great equaliser in this race - a two-minute lead produced by several kilometres of hard pedalling could easily disappear if you were caught waiting at a red light - then speed was what eventually separated the pack.

A man named Randy finished the course in a lightning 1hr 45min. I arrived in

seventh place at 2hr 32min, with the last riders coming in at just under four hours. There were no external injuries.

My time was helped by a little trick I pulled getting on to an overpass near the end of the race. Technically, the overpass is off-limits to cyclists and a policeman stationed near the on-ramp acts as a deterrent. But the prospect of avoiding four traffic lights, was too alluring. I held on to a pick-up truck and was propelled on to the ramp - but right into the sight-line of the policeman. He did not even flinch.

I smiled all the way to the finish. The incident proved that the best thing about Bangkok is that this race could even happen. In Singapore, even sending out an announcement would have earned us the wrath of who knows how many policing institutions.

Then again, having such a race in Singapore would not have been much fun. Not enough traffic.



HOW TO SPEND IT

Have Vuitton – will travel in style

Seven designers were invited to help celebrate the luggage-maker's centenary. Lucia van der Post reports

You have to hand it to Louis Vuitton. When the rest of the world is playing it minimalist, it requires a lot of chutzpah to flaunt your logo and initials. From Gucci and Prada to Hermès and YSL, the word has gone out that softly, softly, is the name of the 1990s game – where initials and logos are a vital part of the image they should be whispered quietly, not flaunted.

Like some financial wizard bent on beating the market, Louis Vuitton has decided on a bold, contracyclical move and commissioned seven of Europe's most high-profile designers to do something strong and wonderful with its famous Monogram canvas.

It seems just the other day (although it was more than six years ago) that the company embarked on a policy of reducing the number of products sporting the logo. All the small articles – the comb cases, dog leads, key-rings and wallets – which "brought in money but were spoiling the brand" were to be covered in the more understated fabrics. Cuir Epi, a plain leather line, was introduced and proved to be an immediate success, very soon accounting for some 13 per cent of turnover.

Yet here we are in 1996 and Louis Vuitton has produced six innovative products, every one of which is covered all over in the famous monogram.

Part of the reason is that 1996 marks the centenary of the invention of the wax-covered canvas. The original M. Vuitton had been engaged

in providing the travelling classes with the appurtenances that the new ways of travelling required and as the ways and means of travelling changed so, too, did the products.

Those original pieces were covered in the waterproofed canvas so as to withstand the weather when piled uncovered on stage coaches. Then came trunks for steamers, folding gadgets for camel-trains and, in the fullness of time, softer pieces for the new-fangled tad for flying – Vuitton had found its niche in providing the cutting-edge traveller with his necessities.

The pieces commissioned for the 1996 centenary celebrations are designed to play exactly the same role in the lives of the contemporary traveller. Or as Jean-Marc Loubier, Louis Vuitton's director of marketing and communications, whose idea the project was, would frankly admit, to make the famous canvas seem more contemporary, more hip, once again on the buying agenda of the taste- and trend-setters.

All seven designers – Romeo Gigli, Azedine Alaïa, Manolo Blahnik, Helmut Lang, Isaac Mizrahi, Sybilla and Vivienne Westwood – have risen to the occasion, broaching the task with enthusiasm, verve and wit.

Vivienne Westwood, for instance, has used the sober canvas for a pert and provocative "bum-bag" – very useful, great fun and eminently contemporary. Sybilla of Spain designed what every shopper will long to have – a backpack

which can also support an umbrella when it rains, leaving the hands free.

All the designs are intended to help people on the move – whether a grand concept such as Helmut Lang's grand concept of a mini-trunk designed with disc jockeys in mind, a refined one such as Manolo Blahnik's oval drum for carrying shoes, or a minimalist one such as Isaac Mizrahi's transparent plastic shopping bag with a tiny pochette inside covered in the monogram canvas.

All the designers profess to being thrilled by the level of workmanship that the company brought to their designs. Even those who may not wish to buy – all these products are

being made in limited editions and prices range from £450 for Romeo Gigli's hold-all and £500 for Sybilla's backpack to £3,000 for Helmut Lang's DJ's mini-trunk – may be intrigued to see what can be done when fine craftsmanship and a dis-

tinguished but elderly brand is given new life by lively and imaginative designers.

The products go on sale at Louis Vuitton, 198 Sloane Street, London SW1 and 149 New Bond Street, London W1 from Monday March 4.

A compact space for disc jockeys

Helmut Lang produced the most expensive of the new designs and the one that most resembles those sturdy steamer trunks that have become such sought-after items in the auction rooms of the world. He calls it a mini-trunk (right) but it is of the exact proportions to store and carry 70 vinyl records (do DJ's still go about with vinyl records, I wonder?) and their necessary accessories, as well as being fitted for some CDs. The DJ mini-trunk is in the long tradition of specially designed Louis Vuitton trunks for musicians – its special container for Pierre Boulez's baton and stand was one of the company's grandest commissions. Should there be a hugely over-paid DJ out there then this new version by Helmut Lang should come in handy. £3,000.



A philosophy based on anonymity

Muji organised a competition for bright ideas. It received more than 3,000, says Lucia van der Post

Muji's philosophy about itself and its products is in complete contrast to that of Louis Vuitton: whereas Louis Vuitton has concentrated on developing itself into an instantly recognisable brand, Muji has cultivated anonymity. In Tokyo, where I first came upon it before it ventured on to British soil, it lurked under the title "No Brand Names". It concentrated on sturdiness, simplicity, fitness for function and a minimalist approach that precluded asking more for a product than was really necessary.

In other words, Muji had developed a notion (with which many would agree) that brand names had often developed into a mechanism for charging more, rather than a mechanism for guaranteeing quality. Its "No Brand Names" label was meant to signify a certain classicism, anonymity and value for money.

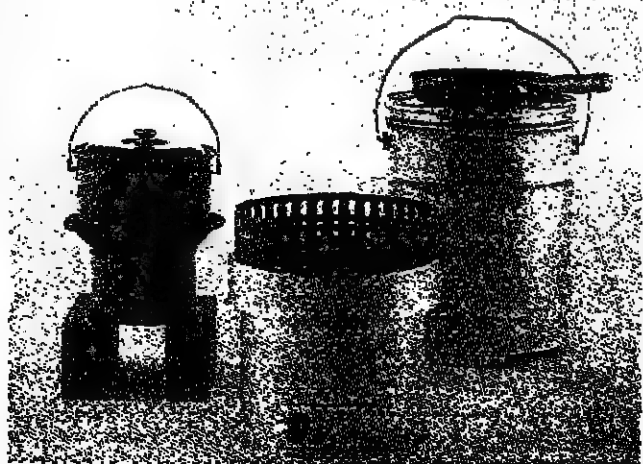
Since it launched its shops

and products in the UK under the Muji label, it has been a great success with the understated set but, like Louis Vuitton, it too, has decided that it could do with some lateral thinking.

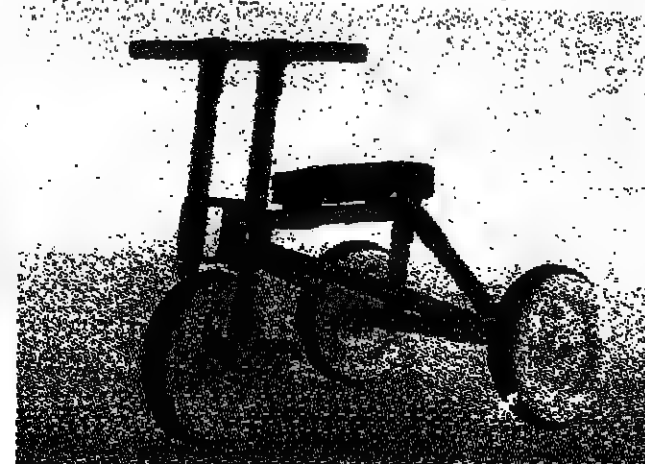
Accordingly, Muji decided to

run a design competition. About 3,269 ideas were put forward and the winners seem to have come up with some fresh new thinking and some really good products.

Overall winners were three Japanese designers, Fumio



Streamlined: field cookers based on a traditional Japanese design



Eco-cycle: a tricycle made from recyclable cardboard pipe

Tani Noburu Hara and Hidehiko Ohashi, who came up with a sleek and streamlined concept for outdoor cooking. Cooking out of doors is not a favourite Japanese occupation and therefore it was, as far as the designers were concerned,

virtually virgin territory. The three designers concentrated on producing cookware which was not "over-designed", did not use expensive materials and was relatively reasonably priced. They were also concerned that it should

be easy to store. The result is pictured above – a field cooker based on the traditional Japanese *shichirin*, a portable clay charcoal-burning stove. Both the saucepan and the frying pan were taken from existing items already on the market.

Joint second prize winner was an "Eco-cycle" – a recyclable cardboard pipe tricycle kit, once again designed by three Japanese: Donji Shin, Kazushige Imai and Tetsu Nakayama. It is a product that avoids waste, expensive materials or self-conscious design.

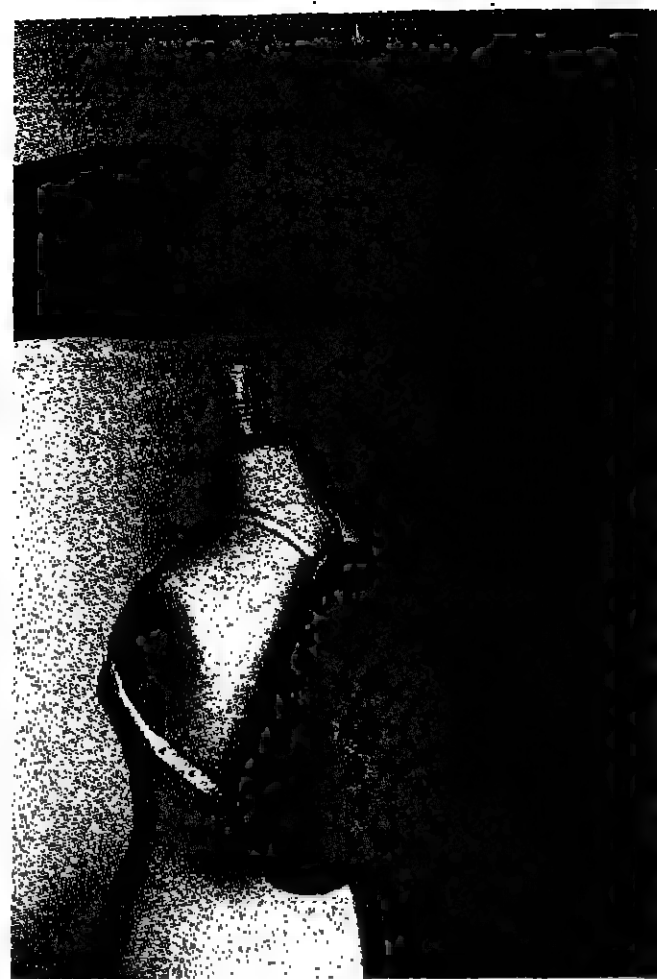
Although the main components are made of cardboard, which is disposable, the biggest difficulty the designers encountered were the joints which in the end had to be made of plastic.

These were just two of the products that the competition threw up and, although they are not yet in the shops, were it that they will be by the end of the year.

A provocative posterior

Vivienne Westwood is well-known both for her ability to be provocative and for her obsession with women's posteriors. So convinced is she that it is a woman's posterior that men notice first, Louis Vuitton tells me, that she has proceeded logically from this assumption and designed a canvas and leather "bum-bag" (left) which not only nestles against the posterior but also contains that posterior-enhancing

device, the bustle. The combination of the highly established canvas and the witty "bum-bag" works a treat. The strap is buckled around the hips, from back to front, enhancing what Vivienne Westwood refers to as "naturally callipygeous endowments". A more restrained function for the bum-bag is that it is perfect for the old slopes; the canvas is sturdy and waterproof. £500.

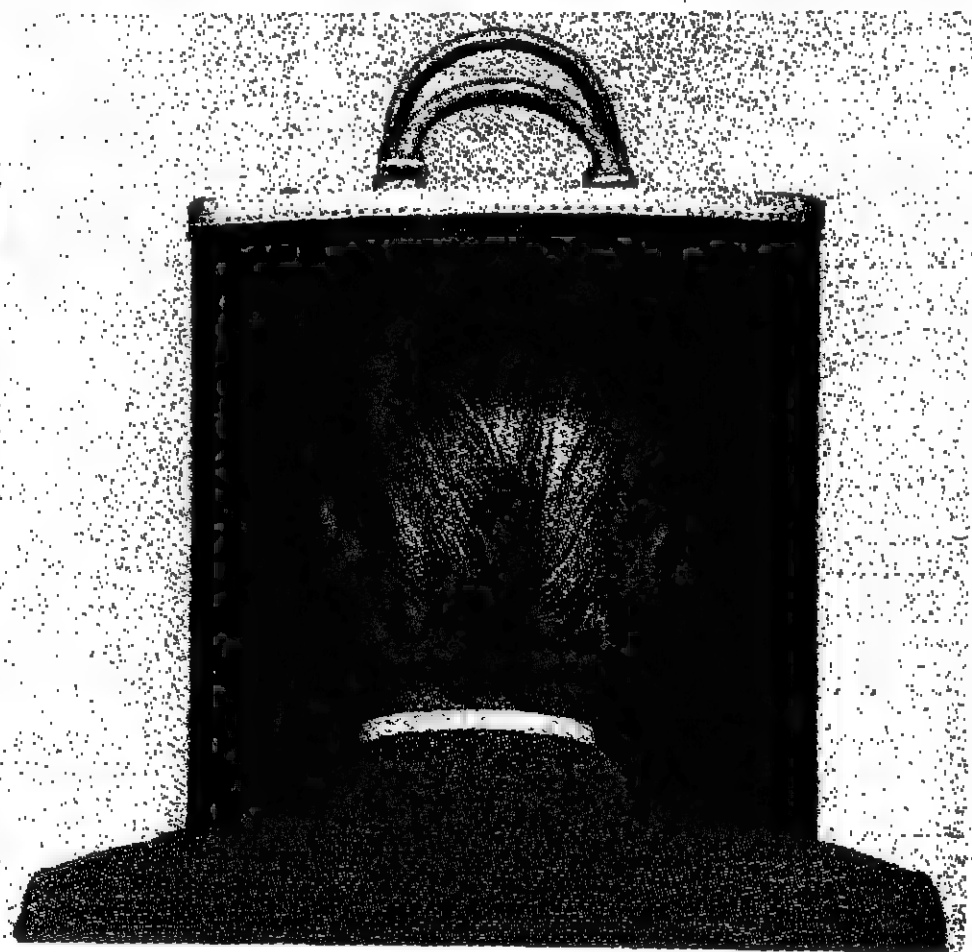


Take cover from the rain in Spain

Sybilla of Spain has not been a big name in fashion for some time but when asked by Louis Vuitton to take part in this exercise she could not resist the challenge. She takes that contemporary accessory, the backpack, and gives it a new twist. The backpack looks conventional enough (although Sybilla says she made it a "young backpack, soft and organic... elegant but practical") but the surprise is that at the first sign of rain, an umbrella attached to the top of the bag can be released (also, of course,

made from the logo-covered canvas), keeping the shopper dry and leaving the hands free for carrying other things. Sybilla says that the idea of

incorporating an umbrella "was a silly idea I wanted to do long ago, but never had the time to develop. I would call it 'shopping in the rain'". The backpack is £500.



Putting in the boot... and the little black dress

Manolo Blahnik is a bootmaker of distinction (indeed, he is the best-loved bootmaker of the ladies-who-lunch set), so what else for him to apply his talents to but a boot-carrier (above). Blahnik designed his oval drum to be large enough to contain everything needed for a

one-day escapade – the case opens into two halves, each of the compartments being lined in shocking pink leather. He deems the silk-covered hanger on one side just the perfect size to hold a little black dress or other evening outfit. The other side contains two ribbon-trimmed shoe bags, a

large silk pochette for lingerie and another for cosmetics. Everything needed, he feels, for the "perfect getaway". These ladies, it seems, do not care much for reading nor for soiling their hands with work. Those whose lives involve such fantasies will no doubt find it indispensable. £2,500.



Sales of Travel and Exploration

ENTRIES NOW BEING ACCEPTED

Visions of India



William Shyne (1823-1899)
The Jami Masjid, Delhi, signed, inscribed and dated 1864
pencil, pen and grey ink and watercolour heightened with touches
of white and gum arabic, 14 1/2 x 28 1/2 in. (36.2 x 51.8 cm.)
Estimate £10,000-£15,000

AUCTION: London, 5 June 1996

ENQUIRIES: Laura Lindsay on (0171) 389 2570

Topographical Pictures



Augustin Bravais (c. 1730-1796)
A Negroes' Dance in the Island of Dominica, Fort Young beyond
oil on canvas, 16 x 33 1/2 in. (40.7 x 85.1 cm.)
Estimate £10,000-£15,000

AUCTION: London, 6 June 1996

ENQUIRIES: Nicholas Lambourn on (0171) 389 2040

Exploration Sale



George E. Ainsworth (active c. 1910-c. 1923)
The British Trans-Antarctic Expedition of 1914-17: The Reeling Boy
oil on canvas, 13 1/2 x 19 1/2 in. (34.3 x 49.5 cm.) one of a set of five
Estimate £30,000-£40,000

AUCTION: London, 27 September 1996

ENQUIRIES: Tom Lamb on (0171) 389 2158

For free auction estimates please send a photograph(s) and/or brief description of telephone one of the above specialists.



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FASHION

The changing face of haute couture

Avril Groom on why ready-to-wear collections are providing a lifeline for designers in the 1990s

A wind of change is blowing through fashion that could radically alter the way designer clothes are marketed. It is only a light breeze as yet but for an industry in the retailing doldrums, any relief would be welcome.

Some designers believe that fashion has pandered more to the media circus than to the customer. In the high-spending 1980s the needs of both sides appeared to merge but the New Nineties woman wants quiet quality rather than tabloid headlines. And haute couture illustrates the dichotomy. Its shows have been vaunted as publicity stunts aimed at selling scent worth millions of pounds rather than suits worth a few thousand.

Now, in a season when John Galiano's arrival at Givenchy has put couture under the closest scrutiny since Christian Lacroix launched his house in 1987, the designers have handed the clothes firmly back to the clients. Venues are smaller and more intimate and the clothes themselves retain perfect cut and individual fit. But the collections at least try to appeal to "real" women rather than duchesses and goddesses.

This may have come just in time, for even the French newspaper *Le Monde* says couture is in the "twilight of its days". It is too late for Michel Klein, couture designer for Guy Laroche who gave a static display of his final 16 couture outfits - faultless tailoring in silk or heavy satin and chiffon evening dresses with traceries of lace, all in monochrome and adaptable to the de luxe ready-to-wear which Klein sees as the future of very high fashion.

"Even wealthy women work," he says. "They want not decoration and complicated clothes but a beautiful, simple suit in the best fabric, cut specifically for them, which will fit the rest of their wardrobe and last for years, like a man's Savile Row suit and of the same order of cost." The de luxe range, available in the Laroche Paris shop, can be ordered in a choice of fabrics with alterations made to stock sizes.

Support for lower couture starting prices comes from surprising quarters. Despite his unabashed courting of rock stars, Gianni Versace believes in simple daywear and less elaborate techniques. "When I started made-to-measure I deliberately called it 'easier', not couture, to show that it was hand-made but that I was not going to follow all the rules. Why make dresses in the 19th century way when we can fly by Concorde? We have the craft to do the grand beaded gowns, but a simple dress starts at around £2,000."

The distinction comes from the fabrics, such as this season's heavy duchesse satin in bold Op Art prints or "liquid" metallic chainmail, and from the technique necessary to make a bias-cut slip dress out of soft leather mixed lingerie-style with delicate lace. Clients still need to be fitted, but for simple shapes this can be done at one of the Versace stores rather than at the Milan headquarters.

Even Christian Lacroix, the high priest of decorative couture, has changed tack. He started on the crest of the consumerist wave, backed by LVMH, the French luxury goods-maker, which also owns Dior and Givenchy. He believes he will be the last true couturier with his own label and expects finally to make a small profit this year, on the strength of his Bazar diffusion range and accessories. "When I look back at my first collection it seems like a dinosaur," he says. "Life has become much less dressy even in those eight years."

His customer, he says, is as likely to be a top businesswoman as a socialite. "She wants a wonderful jacket or a simple evening dress but she will wear them quite plainly." This knowledge makes his provocative catwalk presentations of individual pieces all

the more interesting. For instance, a small fitted pink silk jacket trimmed with bows, for a smart lunch perhaps, is shown with a boldly striped evening skirt which most would wear with a plain black top. The lace, hand-woven fabrics and textured beading make his work into art, yet his basic shapes - a small fitted jacket, a structured A-line dress and a severely carved corset with separate huge evening skirt - become simpler each season.

The media-loving Karl Lagerfeld at Chanel also puts the client in the spotlight. He showed in the grand yet intimate salons of the Ritz, partly in homage to Coco Chanel's death there 25 years ago, and partly to show off the fine couture tailoring of small tweed jackets that fit like gloves, sinuous long crepe skirts, delicate evening chiffon, lace and glimmering sequins and the new Chanel belt-like fine gilt fish-scales.

Valentino, whose Roman workrooms are reputed to be the world's best, showed in a long gallery at the sumptuous Opéra Garnier with models almost close enough to touch. Clients approved the marriage of fashion's minimalist shapes with the craft of fine chignon pleating, perfect topstitching, subtle lace patchwork and delicate beaded cutwork, in muted pastels and neutrals.

Ready-to-wear is crucial to a house's fortunes if it shares the

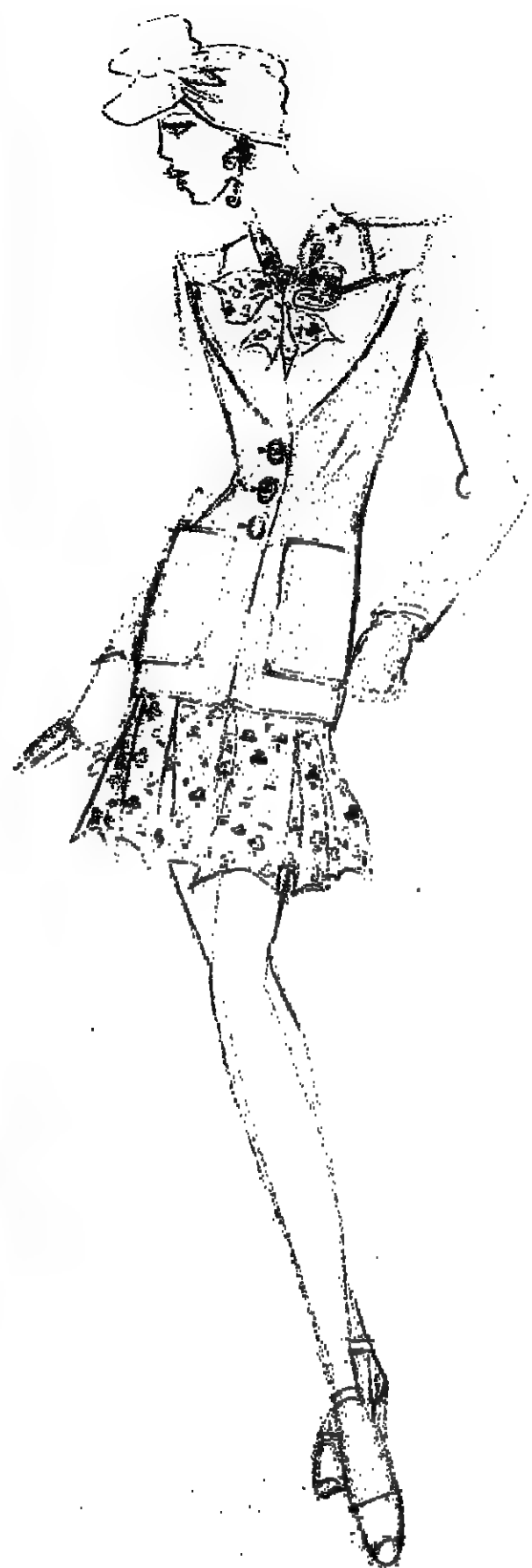
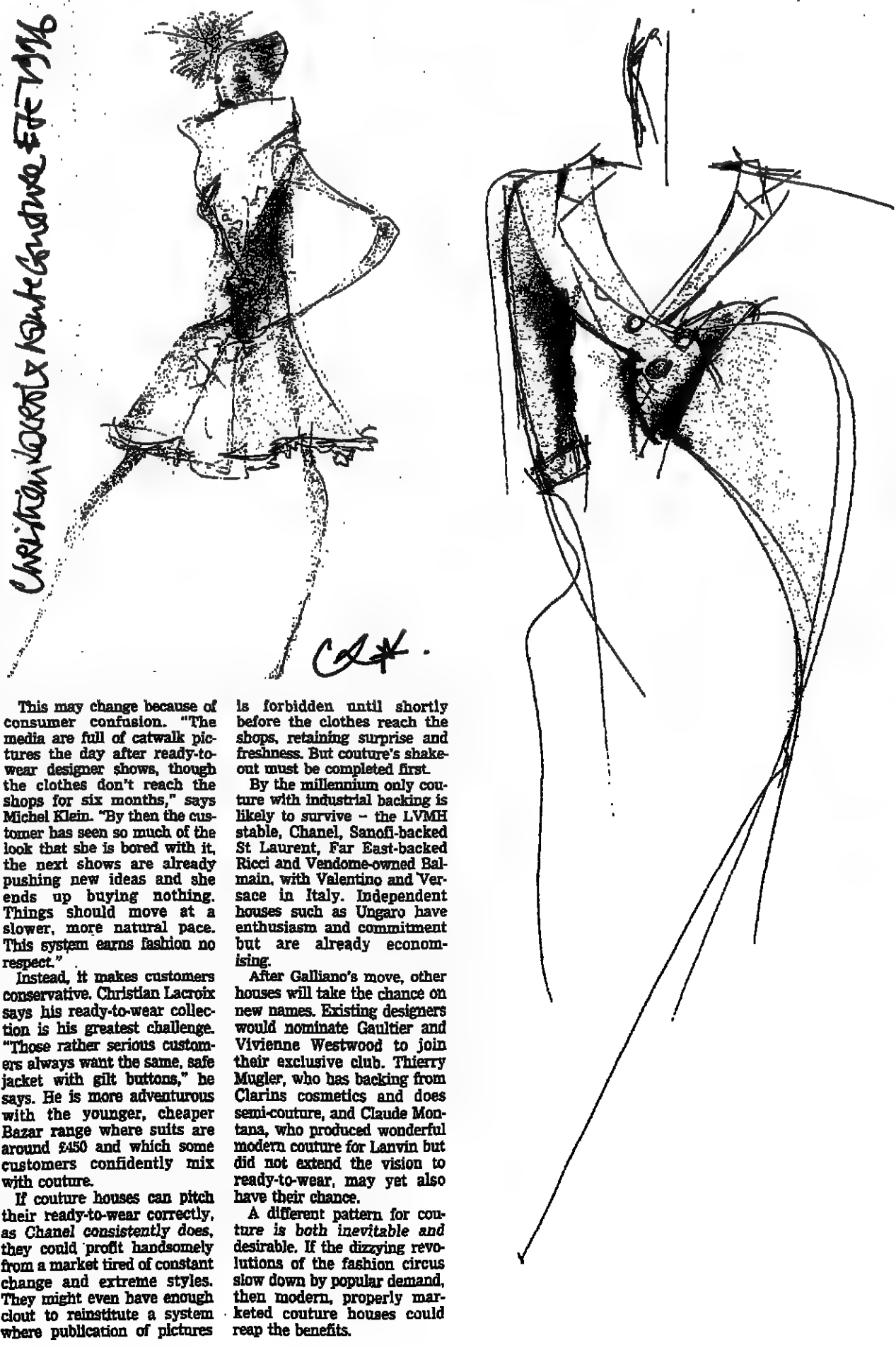
The collections at least try to appeal to 'real' women rather than duchesses and goddesses

design hand of the couture. Galiano has been clever at Givenchy, where clients' needs have always come first. Romantic gowns with 20ft trains are splendid camera fodder, but the real business will be done on tailored A-line suits and button-through dresses spiced with snakeskin, faux leopard or Givenchy's signature bows. There will be simple tuxedo suits or slinky black sack dresses with toga panels, all in the Givenchy spirit but with Galiano's sharp-shouldered, narrow outline.

They have also been adapted for ready-to-wear which in autumn is expected to relaunch Givenchy as a fashion force, with suits around £1,000, against the £3,000 starting point for couture. By autumn there will be more ready-to-wear based on the spring couture shapes from Chanel, Versace and Valentino, as well as Yves St Laurent's 1940s-style blazers and puff-sleeved silk print dresses, Ungaro's maribou-trimmed soft chiffons and Dior's 1950s-formal longline suits with lace or beaded camisoles to take the modern client from boardroom to dinner.

This creative input is couture's other reason for being. The houses which have come unstuck - Patou, Lanvin and Laroche - have been those which put their couture in separate design hands and had no unifying, inspiring identity. Only Nina Ricci, where Gérard Pipart's couture is the last refuge of the old-style European aristocrat and genteel Far-East customer and ready-to-wear is designed by Jean Paul Gaultier's former assistant, seems to have succeeded in this dual track, with couture sales up by 20 per cent last year.

Haute couture will always be a small market - even Dior, one of the most successful houses, admits to only 250 orders a year - so ready-to-wear sales are essential. Because of couture design's evolutionary, client-friendly nature these businesses appear at a disadvantage compared with trend-setting ready-to-wear labels.



■ Top left: White tweed small-collared jacket, seamed to fit, with gilt fishscale belt and long black crepe hip-hugging skirt, fluted to hem, by Karl Lagerfeld for Chanel

■ Above: 1940s-style cyclamen pink jacket in heavy linen with pleat-skirt crepe dress in soft turquoise with small pink print by Yves St Laurent

■ Left: Silk clogoe 1950s-style tailored jacket with deep scooped revers and cuffed three-quarter length sleeves, and longline pencil skirt, by Christian Lacroix

■ Far left: Dove grey taffeta structured dress with funnel neckline and lace appliqué, by Christian Lacroix

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PROPERTY

Bath: a city shaken to its foundations

Gerald Cadogan visits the civilised and cultural centre of the west country, a World Heritage site that is a victim of the car

In Bath two famous father and son architects, both called John Wood, designed a showplace for the summer resort of that 18th century world of fashion and wit. They built it in a classical style, using local Bath stone.

Today The Circus, Royal Crescent and Lansdown Crescent, and many surrounding streets, have survived little changed - except for the traffic - for 200 years.

Bath is named as one of four World Heritage cities in Europe. Its unique architecture and town planning, and its historical links with many important residents and visitors have won it that accolade.

Bath is still sophisticated and civilised. It has good shops, good restaurants, plenty of culture and lots to see in the neighbouring countryside. Links with the outside world by rail and the M4 are excellent, making it ideal for commuters and those wishing to travel to Heathrow airport.

Consequently, Charterhouse International, the Bath-based buying agent, reports "a strong register" of would-be buyers, with cash. But there are not enough houses on the market to meet demand.

Philip Cobb, of estate agent Cobb Farr, agrees that demand is strong and finds that many more people, previously content with a flat in Bath as a second residence, now want to move completely out of, say, London, to the west country.

For newcomers and old inhabitants alike, traffic is a problem.

It is to blame for eroding the carved stonework of the buildings in The Circus - all listed grade I, all of world importance - shaking them to the foundations, making the life of residents intolerable and giving visitors an alien view of this extraordinary urban drawing room.

Damage used to come from acid rain which left smog hanging over the city, which sits in a bowl. Jane Austen wrote of Bath in 1801: "The appearance of the place... was all vapour, shadow, smoke and confusion."

Now, one may burn only smokeless fuel or have a gas fire.

The cleaning of Bath's buildings began a few years after the second world war to remove two centuries' incrustation of sulphurous grime.

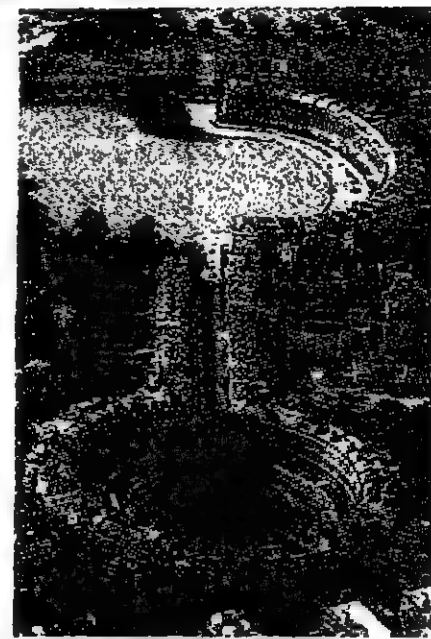
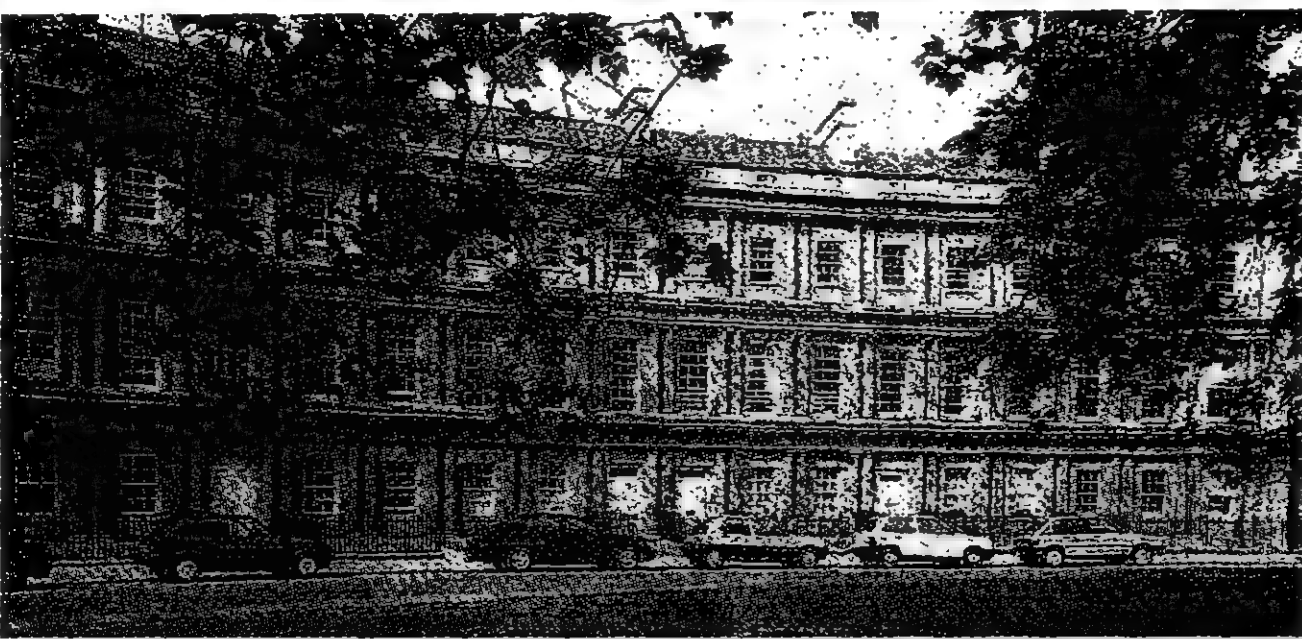
In The Circus eight houses were cleaned between 1955 and 1960. But by 1989 six of these were deteriorating and needed cleaning again. The west front of Bath Abbey had the same problem. What had gone wrong?

The most likely culprit, as a 1993 Bath City Council report on *Acid Rain and the Cleaning and Conservation of Stonework in Bath* suggests, is the exhaust emissions from vehicles.

An estimated 5,000 vehicles a day, including lorries, pound round The Circus. Vivienne Rae-Ellis, chairman of the Circus Area Residents' Association, who lives at No 17 (where Gainsborough lived), finds that 98.5 per cent of the vehicles do not stop for business in there but are simply driving through.

The most hated vehicles, she says, are open-top tourist buses which trundle through several times an hour, every day of the week, with perhaps only a handful of tourists on board. The visitors often peer into first-floor rooms and spoil residents' privacy. "We are not a snooty elite," she adds.

Coaches are another curse. Since they



Top: the former Empire Hotel is now being turned into a top-class retirement home by Pegasus, with flats priced between £160,000 and £430,000. Bottom left: The Circus, Bath - last year Savills sold a whole house there for around £550,000. Bottom right: an aerial view of The Circus and Royal Crescent

are banned from the Royal Crescent, they stop in The Circus to discharge passengers to walk along Brock Street (which connects The Circus and the Royal Crescent) and wait 20 minutes, illegally, their engines running, for them to return.

Apart from the long-term damage from vehicle exhausts, the double-decker buses are a visual blight. They are out of proportion in the Woods' great urban "rooms", and destroy the space and feel of them. The Woods designed these buildings to be

seen on foot or from the level of a sedan chair - Bath chairs came later - forcing people to look up at the majesty of their creation, not down from the upper deck of a bus.

The solution is to make visitors walk in

The Circus. The Residents' Association has proposed to Avon County Council that it bollard off Gay Street (the main entrance/exit for The Circus) and make The Circus access-only from the other two streets. Avon is referring the matter to the

new Bath and North East Somerset unitary authority which takes control on April 1. Eliminating through traffic to save The Circus would be a wonderful way to start work.

Flats in Georgian Bath cost from £50,000 (one bedroom) to around £330,000 (depending on size, access to the garden, etc), says Cobb. His company has two on offer in The Circus: a first floor flat at £208,000, and a top-floor maisonette at £137,000. Last year Savills sold a whole house in The Circus for around £550,000, while a house in the Royal Crescent went for more than £900,000. That included freehold garages which are a valuable commodity in Bath, says Cobb.

In Great Pulteney Street, on the far side of Robert Adam's Pulteney Bridge over the river Avon, no 77 is a refurbishment (by Radbourne Estates) where two flats (with garage) are available through Cobb Farr at £235,000 and £250,000.

Beside the bridge an impressive conversion of the former Empire Hotel is now in progress. Used by the Admiralty from 1939 to 1959, it is being turned into a top-class retirement home by Pegasus, with flats priced between £160,000 and £430,000. It will have shops and a restaurant on the ground floor, and underground parking and, for the first time, the colonnade walk along the river from the bridge to Parade Gardens will be open to the non-paying public. One must be 55 or over to buy in the Empire.

The alternative smart development, with no age bar, is Beaufort House's Cavendish Lodge on the hill below Lansdown Crescent. Architect William Bertram has designed - after many planning sagas - a Palladian villa in 3 acres, with 30 flats and two lodges at prices between £255,000 and £310,000. Savills is the agent.

Other options are a modern mews house off Great Pulteney Street at £142,500 (Cobb Farr), or a substantial Victorian villa (semi-detached) on the edge of the city at Weston Park for £360,000 or a converted tithe barn at Bathampton for £500,000 (both Cluttons).

West of Bath, Chappell & Matthews offers a good Georgian village house in Ubley for £245,000, and Hamptons a converted mill at North Wootton for £350,000.

To the east Middle Hill House at Box near Corsham is a Georgian house with glass verandas on two sides, and fine garden, cottage and 6 acres, at £540,000 from Hamptons or Savills. At Beechfield Park in Corsham Gleason Homes is building houses between £170,000 and £230,000 (inquiries to Savills).

The most unusual house for sale outside Bath is Freshford Manor, in the village nicknamed "HMS Freshford" because so many retired naval officers have lived there. Six miles from Bath, the house is listed grade II* and dates from 1700 with many additions, including a Victorian conservatory. The vendors through Cluttons are the Trustees of the American Museum in Bath, whose founder John Judkyn and Dallas Pratt used this house.

The bay windows on the garden side are just like the bays on the garden side of houses in Bath. Much of the decor is American, but the Hogarth room, with Hogarth cartoons set into the wall, is definitely British. The price is £500,000. Buyer should expect to spend at least £200,000 more on renovating, but the result will be a rare house where you may drink gin with the navy - Hogarth would approve - or offer a dry martini.

Chappell & Matthews, *Cher Magna* (tel: 01275-333199); Charterhouse International, Bath (01225-452727); Cluttons, Bath (01225-469511); Cobb Farr, Bath (01225-333332); Hamptons, *Cher Magna* (01275-332323); Hamptons, *Cher Magna* (01225-444555); Pegasus Retirement Homes, Cheltenham (01242-576610); Savills, Bath (01225-444622).

Battles for the Scottish Highlands

Michael Wigan wonders if a working environment is about to become one gigantic nature reserve

I used to be worth buying a Scottish Highland estate only if you had money to burn. But that traditional view has been superseded by a new phenomenon.

The pattern of ownership is changing, and the new big-time players are charities. The Royal Society for the Protection of Birds alone has more than 50 estates. Around Christmas 1994, it bought the peatlands estate of Forsinard in Sutherland for £380,000. The initial appeal rapidly raised £1.5m; a follow-up appeal for funds with which to run the property is still accumulating.

But the trend was set in the 1980s. The case which whetted conservationists' appetites was Knoydart, the enormous rugged area of deer forest in the Western Highlands.

Its owner, tired of losing a six figure sum annually in maintaining this trackless mountainous promontory,

found that his notices of sale stirred a feverish conservation bandwagon.

Eventually, after objections that a possible purchaser could be the Ministry of Defence, whose conservation credentials, as it happens, are good, the conservation consortium collapsed. The wilderness kingdom was bought by a developer who carved it up and sold the chunks. The last chunk is on the market now.

The next "last wilderness" was the celebrated Mar Lodge, adjacent to Balmoral, itself once the hunting ground of Scottish kings, which was owned by an absentee landlord, the American John Kluge. Mar Lodge contained remnants of so-called "priority

habitat", namely former Caledonian Forest, composed of Scots pines.

Another furor ensued: such important heritage land, it was said, should not be the bauble of a rich American, and that the government should effect a rescue. Wisely, the government did not intervene. Last year a deal was struck: £5.5m was paid by the National Trust for Scotland, a private charity, aided by the National Heritage Memorial Fund. The result was viewed with chagrin by the RSPB, which had wanted to add Mar Lodge to its other landholdings.

Earlier figures banded about for Mar Lodge, in the region of £10m, were passed

over by the American owner because, it is suspected, he found the National Trust for Scotland's wide-ranging and traditionalist land use ideas more palatable than those of single interest pressure groups.

So the list of large Scottish Highland estates bought by charities in the past few years now includes the 77,000 acre Mar Lodge, Glenfeshie (42,000 acres, bought by Will Woodlands), West Affric (9,000 acres, National Trust for Scotland), Forsinard (17,500 acres, RSPB), Abernethy (31,600 acres, RSPB) and Sandwood Bay (11,000 acres, John Muir Trust). This trend of transferring large Scottish Highland estates from private ownership

into the hands of charitable trusts is set to accelerate.

Participation by the National Heritage Memorial Fund in the land market in Scotland, along with the rest of Britain, will be augmented by the National Lottery, of which 28 per cent of its proceeds is allocated to good causes. A fifth of this formidable sum is for distribution by the NHMF. In the past six years the NHMF has spent 10 per cent of its budget on land purchases.

The fund only supports charities or public bodies. Already the NHMF has contributed £500,000 towards the RSPB purchase of Abernethy. It was involved, too, in the enlargement of Abernethy on to Loch

Garten, and in the Sandwood Bay purchase. The fourth list of Heritage Lottery Fund beneficiaries, published last September, features the RSPB again, £875,000 going towards the acquisition of Bliss Estate in Suffolk.

Happily for the RSPB, its involvement with Forsinard does not stop with its own fund-raising. A further £325,000 is guaranteed, on a pound-for-pound basis, by the conservation arm of the European Union Life fund, which is capitalised at £37m.

Another tranche of money from the Life fund will pay half the management costs on the estate during the first two years. A bigger sum from the Life fund to the RSPB, in part-

nership with the government's nature agency in Scotland, Scottish Natural Heritage, is available for general ecological restoration schemes in the peatlands.

The cross-funding of charities, trusts and government aid agencies can be confusing. The National Trust for Scotland, for example, gets 20 per cent of its £13m income from government agencies and departments including SNH and the Scottish Tourist Board.

The role of SNH in directly assisting land purchases, including those by crofter trusts, has become a sensitive matter. Sir Hector Monro, a former Scottish Office minister, considered it an improper

use of public funds, unless it was regarded as cost-effective. The RSPB, awash with funds, with some audacity, complained to Sir Hector about his policy of donor restraint.

Land now owned by charities adds up to a substantial amount, and the way the various properties are managed will have an impact, possibly severe, on their neighbours. For example, if predators such as foxes are not controlled they will make adjacent grouse-moor management even more problematical than it is already.

What are the private thoughts of the nature park - asking out their living in the "priority habitat", to whom the invasion of fresh-faced environmentalists is just another wave of colonists, and to whom the whole process is the gradual conversion of a working environment into one gigantic nature reserve? Says one: "It's just a damn racket."

Gardening / Robin Lane Fox

Learn to appreciate the willow



In the past 10 days, we have all understood what it means to be a snowdrop. No sooner had the snow gone than the flowers were appearing miraculously under trees, along roadsides or in grass where they do not seem to have been troubled by the dry summer.

In the next few days, we move from one miracle to the next, from these white flowers to the extraordinary array of beauty on special willows. Willows still need a first-class book and a much broader approach from keen gardeners. Garden centres are more likely to stock the fancy forms with multi-coloured leaves and splashes of white and pink.

They are too mixed-up for my taste and I much prefer forms closer to the wild, beauties which are so much less fussy. Some of them are suited to people with small gardens or borders in towns, but the true class of the better willows is reserved for those who have opted for rural life.

Style merchants still urge us to

look backwards and imitate the famous Miss Jekyll. She wrote a famous book, *Wall, Water and Woodland*, but it is strangely unhelpful about willows although they are ideally suited to two of her three subjects.

She refers to the forms with red twigs, but gives no names and hurries on in a single paragraph. Those who really want the true Jekyll style have to deny themselves so much which has been more fully studied and appreciated since she wrote.

Willows now run to more than 120 varieties in commerce and it takes an experienced eye to know what to pick. My eye was first alerted by Keith Steadman, the Gloucestershire gardener and former nursery-

man who even sold *Salix boeckii* in the early 1970s.

Among botanists, primrose Warburg has given over a generous area of garden woodland to the family and observed their small variations. Unfamiliar forms keep turning up at spring flower shows and winning medals because the stems are so easy to grow and show impeccably. My choices have expanded over the past 10 years and no doubt there are more surprises to come.

One of the best surprises has been the newly prominent form, *Salix acutifolia* Blue Street. This very strong variety has stems with a white bloom and a slightly weeping shape, while the narrow leaves are a combination of silver and blue-green. It is extremely smart,

but needs space in which to develop its drooping habit. It now has the Award of Garden Merit and in my experience, does not insist on wet soil or a summer unlike 1995.

The most enchanting form of taller shrub is now *Salix Daphnoides* Aglaia which has won the same award and is harder to find in the trade. It is quite tall, but its stems spread at various angles and are a pleasure to see as a skeleton without leaves. Their wood is plum-coloured and the buds this week are the silkiest and shiniest silver waiting to open into yellow catkins.

It can be cut to retain the height of a reasonable shrub, but it will make a small tree if left alone. It belongs in the first class of plants of this size, especially at the edges of a formal garden which is drifting away into something rougher and wilder.

In Sissinghurst's White Garden, there is a willow among the impos-

ing silver thistles, although visitors often miss it as a necessary companion to all the flowers. *Salix Alba* Sericea is silver all over and not nearly so rampant as many in the family. In a white garden, it can be pruned severely and its roots will not run so widely that it becomes a nuisance.

Willows have attracted several scholars whom I have been lucky enough to know in their work and gardens. Perhaps the attraction is that they look after themselves for most of the year and appeal to an eye with time on its side in so many different ways, the stems, the catkins, the leaves and the shape.

One of the keenest growers, Nancy Saunders, was both a scholar of difficult cuneiform and a great

connoisseur of willows: she is now commemorated by her superb form of the purple-stemmed osier, *Salix Purpurea* Nancy Saunders. Severe pruning improves it every spring, but it is not at all difficult or insistent on wet soil.

All these willows have one supreme virtue and two little peculiarities. The virtue is that they will all root from single branches, cut and stuck directly into the ground for as much of their length as you can easily push into the soil. In normal, wet summers you can simply leave them to make new roots and twigs and multiply them by the dozen.

We all want plants with several seasons, elegance and an approximation to wild nature. They are so useful in the outer edges of gardens where the flower beds run out of momentum. Willows have no prickles, no bad temper and an immense willingness to look their best from now onwards. Gardeners need to keep up with them because I have only mentioned a sample of many.

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TRAVEL

Seeing is believing the terracotta men

Adam Hopkins visits a remarkable excavation site in China, outside one of the world's most polluted cities

We were all waiting like children for the Pope to appear. For this was the day of our visit to the Terracotta Warriors of Xian and the bus would soon be here to take us.

We were a party of 16, all of us on a first tour of China. For some a visit to the warriors had been an aspiration of two decades, since the first news that an army of make-believe soldiers in terracotta - about 6,000 of them - had been discovered, drawn up in a pit, in military formation, a mile from the tomb of the first emperor of all China.

It was clear that their job, in imagination at least, had been to protect the dead emperor from dangers in the underworld - a bid, maybe symbolic, maybe seriously intended, for imperial immortality. The warriors were undoubtedly one of the greatest finds of the 20th century.

The emperor's tomb itself has never been dug. It is a vast artificial hill and would need a roof before it could be excavated, apparently a technical impossibility. But it may be that there are more warriors and other important artefacts, which are easier to reach, in the areas outside the tomb.

Even for those of us who had not pondered these matters, it was clear the visit was to be a highlight on our travels.

After all, there cannot be many people who have not seen at least a picture of those strange terracotta men of war, bearded or mustachioed, the features of each one distinct, armour and hairstyles according to military rank, generals and private soldiers, archers, charioteers and swordsmen, who had lurked so long beneath the surface of the earth - more than 2,000 years, in fact. And now we were to see them ourselves.

Already we had received a few shocks to add piquancy to the forthcoming visit.

Beijing, our starting point, had turned out to be both friendly - unexpected - and a feast of commercialism near the tourist hotspots, with vendors frantic to get rid of copies of Mao's Little Red Book, presumably remembered.

But by and large the mighty city of Beijing had been a huge success for us, far more life-giving than the opposite, and confirming one important preconception - those hordes of bicycles really do exist.

Xian, on the other hand, looked grey and dour as we rolled in from the airport



Xian's city wall and gate

Adam Hopkins

across a flat and untampering landscape and one which seemed like an adventure playground for the larger kind of power station. The people looked grey, too, their faces closed against the wind and world.

Smoke poured into the air and even "Jennifer", the European name adopted by our guide - supplied by the Xian branch of Cits, the inescapable Chinese International Travel Service - was moved to comment in slightly doubtful tones. "Here the scenery is only so-so," she said, "but we have a lot of antiques." Then she added, unexpectedly: "Also Xian is one of the 10 most polluted cities on earth."

As for the antiques, Xian ought to have a few, for it was not only the capital of the first empire to unify the warring Chinese states, just at the time when the Roman empire was getting itself together; it remained the top Chinese city, one of the most powerful and populous on earth, for 1,000 years, right up to the end of the Tang dynasty in the 9th century A.D. Even after that it was an important place.

My guide book told me that it had magnificent pagodas from the 7th and 8th centuries, tall towers and a complete set of walls from the Ming dynasty, in the 1700s. Meanwhile, the Terracotta Warriors stood in their pit, or rather pits, about 30km from the city at a spot made propitious by the conjunction of the northern edge of the Qinling Mountains (Qin pronounced as "chin") and the life-giving River Wei (pronounced wee), and a short way downstream turning into the Yellow River. All of this had to be pretty special, not just the Terracotta Warriors.

But so far the only good thing we had seen on entry to Xian was the parking area for

a first class football match, in progress as we passed. Thousands of bicycles stood side by side, occupying a fraction of the space required for a western car park at a big sporting event.

Things soon got better, despite a warning from Jennifer that it might not be a good idea to walk about after dark. I



disobeyed and found the bigger streets round our hotel no place for chat - so much so that I began to rest my hand protectively on top of my money belt. But I had a lot of fun walking down a little market lane behind, full of stalls selling fatty pork and offal, with live carp in shallow tanks. At tiny pavement restaurants people were eating noodles, the staple food of the province of Shaanxi.

There were a few folk down the lane who were ready with a simple joke and smile and I stopped for a beer and my first pavement meal. It was delicious but at a special rip-off rate for tourists. The restaurateur shook me by the hand after accepting my ransom money, his hands as greasy as his cigarette.

So it was with mixed feelings about Xian and its people that I waited with the group next morning to make the acquaintance of the warriors.

We began to get the idea some kilometres before we arrived, with brashly vulgar buildings gathering along the roadside and stalls of touristy knick-knacks. But nothing could have prepared us for what was to follow.

Our bus parked, the approach to the warriors was in our case through a carpet shop, where a few salespersons beseeched us to part with sums of money. We pressed on bravely. The only backsliders were Doreen and Daisy, both from Barnsley, South Yorkshire, and Julie, from Essex by way of East Africa. They each had a keen eye for a bargain, and were not to be entirely trusted if there was a shopping opportunity about.

The carpet shop - I think I know why our bus had parked behind it - finally gave access to a central avenue wider than Pall Mall. On either side was an outdoor emporium selling postcards, rolls of film, sweet potatoes, clothing, jewellery, half-cured goatskins, pottery horses - replicas of the real, unreal thing - and heavens knows what else. Vast outdoor restaurants with trestle tables offered vast quantities of noodles.

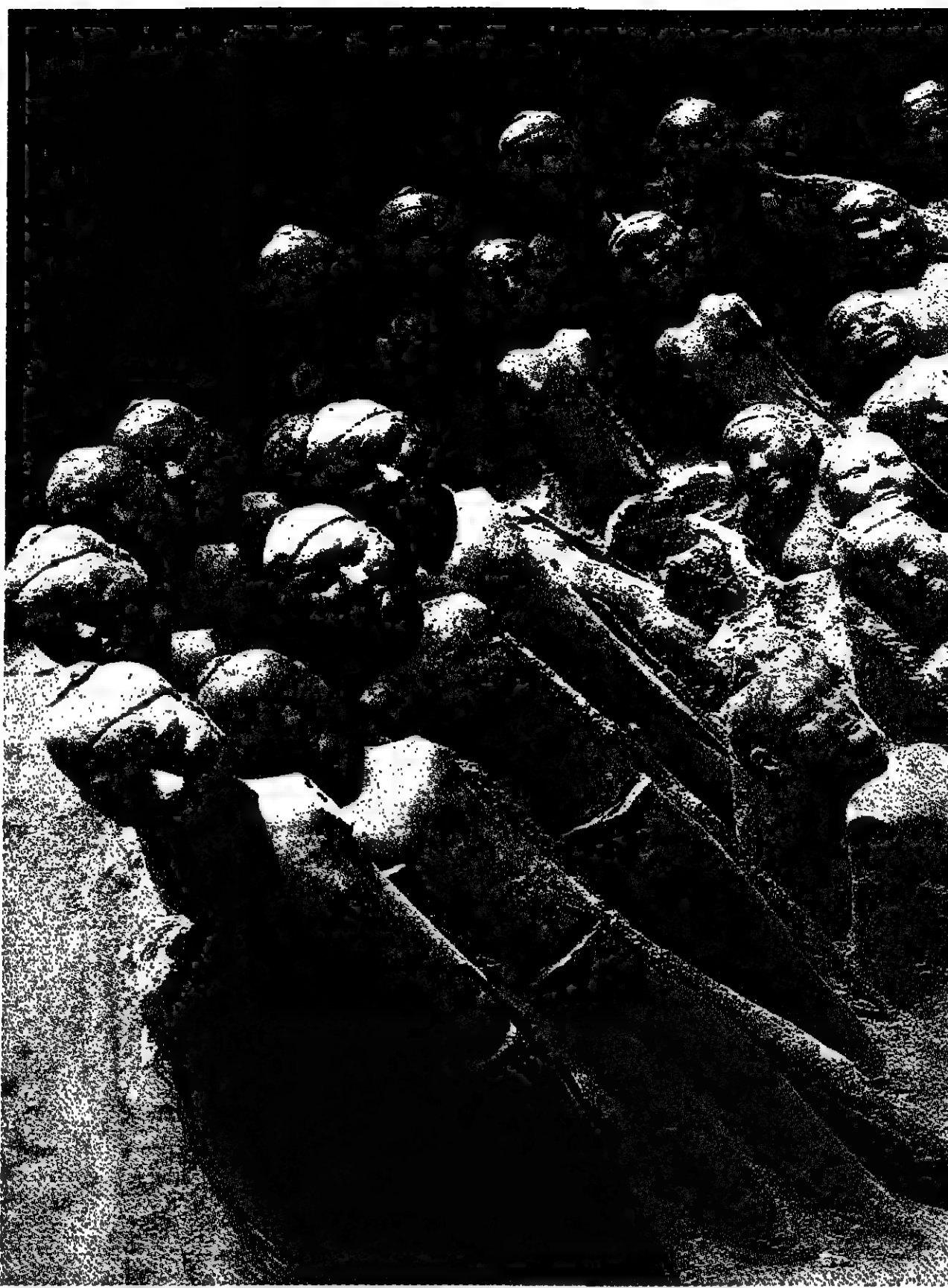
We strolled along this concourse, occasionally pausing for Doreen, Daisy and Julie, towards what looked like a vast aircraft hanger.

Before we entered we turned aside to watch a film at a new cinema in the round - extremely instructive, too, even if it had a touch of *Conan the Barbarian*, with warring riders charging round the circumference and many thousands of workers struggling to fashion the tomb of the emperor and the terracotta army. There was also a small museum showing the extraordinarily lovely bronze horses and chariots excavated from another nearby site in 1980.

But the warriors themselves, they were our deepest destination.

In the end, the most important thing about them is simply that they are there, under the hangar roof, guarded by a uniformed figure marching up and down on a high dais. They look just as I had seen and imagined them, in long and complex columns in their several parallel pits, which look in turn like deeply sunken roads. They are both present and in a sense not present, since the mud enterprise that fashioned them is almost, but not absolutely, unimaginable.

The main pit contains the soldiers. Another, a short way off under another roof, contains what may have been the army headquarters. For here



The Terracotta Warriors of Xian: one of the greatest finds of the 20th century

National Geographic

there are generals, larger than the common soldiers. It is clear - which I did not realise at first - that much restoration has taken place, more on the soldiers, less on the generals.

For in the troubles that followed the death of the emperor Qin Shihuang, the boss figure in question, a rebel force entered the pits and burned the (buried) wooden roofs installed over the pits, so that the soldiers underneath collapsed in heaps, like genuine dead men. The archaeologists have pulled them up and stuck them back together, often constructing an individual from shattered fragments.

Jennifer explained the general principles and might have said a little more if we had been better students. But she showed us one thing which I shall remember - the place, at the outside edge of the pit, where local peasants, digging a well in 1974 in what was then a simple country district, found the first of the warriors. They told the authorities, which some might not have done.

"And what was their reward?" "A little money and Mao's Red Book," replied Jennifer.

Adam Hopkins travelled with Boles Tours, tel: 01306-855991. The 15-day Romantic China Tour costs from £1,988 a person.

A hotel is all you need

Recharge your batteries in luxury, says Michael Thompson-Noel



Pleasure playground: Ile aux Cerfs

Some people bridle at the phrase "hotel holiday", because it affronts them. They believe holidays should be packed with incident or with cultural excitement: temples, bongo dancing, peculiar rites and practices - anything, so long as it is uplifting. Holidays, they believe, help to broaden the mind.

But there is an alternative point of view, especially among sybarites. Sybarites believe that the way to broaden the mind is to stay at home, whereas the point of holidays is to lounge about in luxury and recharge the battery.

What we have here is not really a dichotomy. Few sybarites believe there is anything wrong with sight-seeing, if that is what turns you on. Yet then neither is there anything to be said against the opposite sort of holiday: the do-nothing holiday, especially if you have been lucky enough to find your way to an outstanding hotel.

Not surprisingly, a really good hotel is the *sine qua non* of a hotel holiday, which can be defined as a holiday spent almost entirely - or even entirely - within the confines (gardens, grounds, beach) of your hotel.

Peculiar? Not at all, although it is generally true that a hotel holiday comes fully into its own if you are holidaying in the tropics, particularly on an island. You do not have to be jaded to discover that tropical islands are remarkably similar, whether you have visited five or 50.

I have visited 60. It may even be 70. Northern hemisphere. Southern hemisphere. Small ones. Big ones. And always the same deal: turquoise sea; coral-girt beaches; coconuts; pelicans (various sub-species); mountains (sometimes); a dry season and a wet season, or maybe two of each; and some natives, who often resent us, however well they hide it, because we are rubbish - ugly, tourist rubbish. There really isn't much culture on a tropical island, unless you count basket-weaving, which I tend to not.

The attractions of a hotel holiday first pressed themselves on me in Jamaica. I was not happy in Jamaica. A large and beautiful (4,411 square miles, with dramatic mountains and valleys); perhaps the loveliest island

in the East or West Indies. Yet I found it sinister. I was really sorry about the poverty of the people. And I did not like the hustling, which can be extremely threatening.

But Jamaica has some first-rate hotels. I stayed in two of them, Jamaica Inn and Plantation Inn, both in Ocho Rios, which specialised in old-world graciousness and were such good hosts that it really wasn't necessary to venture outside their gates, except for specific trips.

Some years later, loading at Bali's Grand Hyatt resort, one of a number of well-planned and expensively equipped resort-hotels that Bali now possesses, I realised that what the Grand Hyatt's prosperous guests were stressed-out westerners really paying for was Bali's tropical climate, plus a luxurious, late 20th century version of Balinese hospital-

ity as developed and proffered by Hyatt.

The guests knew exactly what they wanted of Bali - climate, beach, serenity and top-class service - and were happily paying for it. The stuff outside the gates - temples, rice terraces, willing beach-boys - was just local colour amusing enough, if you wanted some, but not essential.

Another island that specialises in hotel holidays is Mauritius: fairly large, though smaller than Jamaica or Bali. Mauritius is usually described as a melting pot of cultures - Indian, French, Creole, Moslem, Chinese - and the locals are a treat. In addition, it is famous for restricting tourist numbers. It pursues quality, not quantity, which has given it a reputation for lofty standards of service and accommodation.

If you want, you can hire a 4-wheel-

drive vehicle for about £385 a week, and fit about merrily. (You can ignore Port Louis, one of the dreariest capitals I ever set eyes on.)

I had forgotten my UK driving licence, so was unable to skid around. But lack of a vehicle did not matter. I went for walks. Patrolled the beach. Insinuated myself into people's affairs. I could feel my mind broadening.

Apart from the Royal Palm hotel, which is just outside fashionable Grand Baie, so that guests can make use of nearby restaurants and nightclubs, most of the best hotels in Mauritius are secluded. Guests stay close to them all day long.

I stayed at Le Touessrok and Le Saint Geran. Both are managed by Sol Kerzner's Sun International, which pays great attention to the location of its hotels. Its Palace of the Lost City,

at Sun City in Bophuthatswana, South Africa, ranks as one of the finest spots for a hotel holiday.

There is a free shuttle service between Le Touessrok and Le Saint Geran, and you can have your meals at either. I preferred Le Touessrok, because it was quieter, but you might prefer the other one, which happens to be more expensive.

Le Touessrok's location, almost on its own island, is faultless, while a short distance away two other small islands, Ile aux Cerfs and Ile aux Cerfs, reached by water taxi, serve as playgrounds. Ile aux Cerfs has a beach bar, two informal restaurants and a free watersports centre.

If you did not know, you would imagine that Le Touessrok had looked the way it does for quite some time. In fact, it has been almost completely rebuilt. Kerzner demolished almost 70 per cent of the public areas and created a new beach and a lagoon. All told, the hotel says it has five private beaches and coves.

The interior designer was James Carry of Wilson and Associates, an American firm which also designed the magnificent interiors at the Palace of the Lost City. Carry says: "Tropical islands are about beaches, sun, sky and sea. Wherever you stand or sit in Le Touessrok, you have a view of the ocean. We wanted to create a feel of escapism and romance to complement the remarkable surroundings."

In that, Kerzner's architects and designers succeeded superbly. These days, the tropics have hundreds of excellent beach-side hotels in tucked-away locations. Connoisseurs would place Le Touessrok high up the list. Michael Thompson-Noel's trip was arranged by Elegant Resorts: The Old Palace, Little St John's St, Chester CH1 1RB, tel: 01244-937011. The firm's 1996 Luxury Holidays of the World brochure features the non-Caribbean tropics.

Depending on season, seven nights at Le Touessrok cost £1,640-£2,130 a person and Le Saint Geran £1,755-£2,390 a person, including return flights, private transfers and half board. Elegant Resorts says that British Airways' flight schedules lend themselves to two-centre holidays in Mauritius and the Seychelles.

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OUTDOORS

Skiing / Arnie Wilson

If you can't beat them, join them

It was the moment I had dreaded for years. After years of fighting the tendency, I was about to become one of THEM. A shredder. It was cross-over time – a lifelong skier surrendering to the other side.

When snowboarders first appeared in my peripheral vision, I had dismissed them as a minor and irrelevant irritation. I never dreamt that one day (today) I would be forced to join them.

As boarders proliferated on slopes once reserved for skiers, they became the enemy. As they launched themselves like missiles from the trees, forcing me to avoid them, an element of paranoia crept into my days on the slopes.

Twice in the French Alps, snowboarders knocked me off my skis while I was standing still, admiring the view. In Whistler, British Columbia, two boarders leapt from a cliff into my path, whistling past my head. In Crested Butte, Colorado, I was cruising down Poverty Gulch when a snowboarder cut me up. I was blamed for the resulting collision. Then, early last winter in Mammoth, California, I found myself the only skier in a lift-line of snowboarders.

The enemy was all around. By now some of my closest friends were starting to defect. It was clear that I could not beat them. I would have to join them.

This winter at Aspen, I took the agonising decision to leave my faithful Salomon skis in the locker room at the Ritz Carlton, and disconsolately – for the first time in my life – picked up a snowboard.

Cliff Ahumada, my instructor – a seriously good boarder often photographed for snowboard magazines – seemed human enough. I, on the other hand, felt like something from another planet as I struggled off the Summit Express quad chair at Buttermilk for my baptism on board.

It seemed all wrong. Here I was, skiing on Aspen's beginner slopes, feeling all the anxiety of a novice skier I had last felt as a 15-year-old in Andermatt. But now it was worse, because I was no longer, by any stretch of the imagination, a supple-bodied youth.

There was one consolation. I was allowed to keep my ski poles – and a certain amount of dignity.

The Boone Lennon "quick carve" technique is aimed specifically at people who take up snowboarding from a background of proficient skiing. Skiers who switch to snowboarding tend to have to endure a series of painful crashes during the first day or two, followed by an encouragingly fast learning curve.

Using poles produces a strange hybrid of boarding and skiing – ski-boarding – designed to make the first day or two less violent, thus encouraging skiers to keep trying.

Not that you need to throw your poles away when you have learned. Boone Lennon, a former US national team coach, uses them regularly, and according to Snowboard Life magazine, he can "carve like nobody's business".

To begin with, I could hardly move, let alone carve. With my feet locked at 65 degrees on to

my Rossignol race board with plate bindings (much closer to the skiing experience than the ubiquitous freestyle board), I set off gingerly for my first traverse. My legs began to ache almost immediately. "You're using different muscles – or at least different parts of the muscles you use for skiing," explained Cliff.

More small traverses, punctuated by gentle falls. The poles were working. Even so, I

It seemed all wrong. Here I was, on Aspen's beginner slopes, feeling all the anxiety of a novice

was soon almost exhausted. Getting up unaided seemed almost impossible.

Then, in spite of the poles, I experienced my first seriously painful fall. Trying to pick myself up, I started searching for my second board. Should I not have two – one for each foot? Having poles seemed to perpetuate the feeling that "ski-boarding" was more like skiing than boarding.

It was time for me to try two linked turns. But a group of beginner skiers, which I would normally not have noticed during a surge down the mountain on skis, was there to witness my efforts. They were descending the easy gradient

at about the same rate as me.

This could be embarrassing. They were bound to see me fall. More images of my novice days on skis flashed before me. I waited, muscles aching, until they skied off, before trying my boarding breakthrough.

It was not pretty to watch, but it worked. At the end of one traverse I somehow managed to jerk my board from one edge to the other, nervously achieving a change of direction.

I had made my first turn on a snowboard. I tried it again. Soon the turns were coming faster. After an hour, I was able to turn both ways on a gentle slope, linking as many as a dozen turns together. And I had had only one bruising fall. It was time to stop while I was winning.

The poles had been the secret of my limited success. Without them I would have been black and blue.

The quick carve method is targeted at strong skiers who can apply the angulation and edge control they have learned from skiing to boarding. Lennon claims students using this method can learn to carve turns in two hours with few falls.

I am no snowboarder yet. But at least I have now tried it. Unlike some, I have no plans to switch allegiance and am now returning to my beloved skis. So will I flirt with a board again? We shall see.

Arnie Wilson's "ski-board" lesson was arranged by Stefan Kaethin's Parabolic Shop, 447 East Cooper Avenue, Aspen. His visit to Colorado was arranged by Ski The American Dream, 0131-532 1201.



The enemy: 'As boarders launched themselves from the trees, an element of paranoia crept into my days on the slopes'

Motoring / Stuart Marshall

Indulgence in a multi-coloured coat

The VW Polo Harlequin had a yellow front bumper, a green back one, a red roof and green bonnet; blue front wings, yellow front and green rear doors; a yellow tailgate and red door sills.

What would you have made of it? Had the computer thrown a wobbly and sent all the wrong bits down the assembly line? Perhaps a keen do-it-yourself owner had rolled it over and raided scrap yards to rebuild it. Or was it owned by a paint company which made it do double duty as a rep's car and mobile showcase?

As it stood in my drive I found it embarrassing; I was embarrassed as one might feel on an early morning business train to London, dressed as Coco the Clown, ready for a fancy dress party that evening.

Perhaps I should drive it only at night when the bizarre colours were less obvious and I might not be recognised. Or before using it in daytime, should I stick a notice on the windscreen saying: "This is not

my car; I'm only driving it because I have to."

While I was making my mind up the grandchildren arrived. Sophie, rising six, thought the multi-coloured Polo was "great" and "Please can you pick us up from school in it?"

Four-year-old Thomas saw it in the twilight and announced, wide-eyed: "Grandpa, it's glowing." A friend, whose school-aged daughter has just become mobile in an aged Austin Metro, knew she would think the VW was the most beautiful car in the world.

And then it struck me. The Harlequin is aimed solely at the young and trendy. Indulgent parents will buy them for teenage children as a reward for passing the test. Twenty-something secretaries who only a few years ago would

have lusted after a deux chevaux with a Knickerbocker Glory paint job are natural buyers.

I doubt that anyone over 30 would want to be seen dead in one, although I admit the Harlequin does have an upside. If you had forgotten where you had left it in an off-airport car park, you would probably spot it from several thousand feet up when you flew back. And a car thief would have to be pretty desperate to think of stealing anything so instantly recognisable.

Under its many-coloured coat, the Harlequin is a normal Polo 1.4-litre CL, 5-door hatchback which makes it, arguably, the best supermini-type car money can buy.

The engine, new for 1996, produces 60 horsepower at

4,700rpm. Although it spins sulkily up to 5,000rpm and more, its maximum torque (the point at which it pulls hardest) is developed at 3,300rpm.

As overall gearing is low at 18.3mph/29.5kph per 1,000rpm

in fifth, the Polo's delicately light gearbox and clutch are little used on a main road journey.

The engine is so quiet at motorway speeds that the main source of noise is the

rumble and hiss of the low profile (35 series) tyres. This is never oppressive; nor do the tyres thump or bang excessively on bad roads. They just provide quick steering response and lots of cornering

grip, and power assistance takes all the effort out of parking.

Petrol consumption should average 44mpg (6.42l/100km) on journeys. Only optimists (and investigative television



Volkswagen Polo Harlequin: targeted at the young and trendy

programmes) seriously expect much better than 30mpg (8.9l/100km) from any small petrol-engined car if it spends most of its life on short trips in heavy traffic with plenty of cold starts.

In the recent bitter weather, the heater was ferociously effective.

The Harlequin has been on sale in Germany with a choice of several engines since its launch at the Frankfurt Show last autumn. In Britain, where it will be available in a few weeks, there will only be one model, the 1.4-litre CL.

List price is expected to be less than £11,000, which includes heated and power-adjusted outside mirrors, electric front windows, alloy wheels, remotely controlled central locking with engine immobiliser and a steering wheel bound in blue leather.

When German buyers order a Harlequin, they know it will be yellow, red, blue and green but have no idea which part will be which colour when it arrives in 10 weeks. VW (GB) says that is all part of the fun and plans to do the same in Britain.

The pre-production right-hand drive Harlequin I tried had fairly conventional cloth seats. For the regular production cars, something jazzier is planned – "Picasso-ish" according to my informant.

But fear not; there will not be four different seats in each car.

Country Notes / M.I.L. Roberts

That damned, elusive car mouse

During the summer a mouse took up residence in my car.

Its presence was discovered when I chanced to take a newish AA book out of the glove compartment and saw that it had been chewed by small teeth.

Closer inspection revealed that a number of small packets of biscuits, left over from a children's outing, had also been demolished. Small black droppings gave a clue as to the culprit.

But, what sort of mouse lives in a car? Reference books on British mammals list numerous shrews and voles, two types of rats, plus harvest mice, field mice, dormice and house mice, but make no reference to car mice.

It had probably got into the vehicle the previous week, either when some boxes of old clothes had been collected from a neighbour's out-house and delivered to a charity shop or when bales of hay had been collected from a local farmer.

The obvious question was: is the little beast still about? To help answer that I gave the inside of the car an unaccustomed vacuum and dusting until it was as clean as

any school run/shopping car ever gets.

I then waited to see what happened. The next day brought an answer: the mouse was still in residence.

In a modern car there are probably not that many places where a mouse can hide and also hope to survive daily journeys to and from school and the shops, without it either being fried or frozen to death. But my car was a distinctly elderly BMW converted from a saloon car into an estate car by a firm of coachbuilders.

This made for an interesting and unusual vehicle with not a few double-skinned sections of bodywork, within which there were obvious possibilities for a resourceful mouse to find a good hidey-hole.

I briefly wondered whether BMW's impressive workshop manual might include any references to rodent control in their vehicles – but dismissed that thought and set about trying to catch the animal.

So far as I could make out the mouse was living on fragments of potato crisp, biscuit crumbs and the poppy

seeds that fall off bread rolls and which, in time, had got jammed into nooks and crannies and down the sides of carpets. When it got bored, it turned to shredding the AA book.

To end its nightly capers I took to setting traps around the car in places which the mouse seemed to favour: the glove compartment, the dashboard shelf, the spare wheel-well and so on. To tempt it, traps were baited with bread, cheese, walnuts and pony nuts – the latter is always a winner with our

stable mice – but the car mouse ignored the lot. It then struck me that the mouse might actually live in the garage and merely break into the car at night so, for several nights, the BMW was parked outside the front door: the mouse did live in the car.

As Baroness Orczy wrote of *The Scarlet Pimpernel*: "They seek him here, they seek him there..." For nearly a month the car mouse survived and probably thrived. It was not until the car was parked all day in a scorching hot car park that it eventually quit. I say quit, because there were none of those strange smells, as when a mouse dies under the floorboards or gets crushed between the springs of a sofa. I was happy to see the back of it but did feel a grudging respect for the little wretch. I wonder whose car it went into after leaving mine?



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FOOD AND DRINK

Wine / Jancis Robinson

Chiantishire – such a boar

The Tuscan landscape, which has for centuries provided northern European holidaymakers with vistas more or less unchanged since the Middle Ages, is about to change substantially.

Many of the thousands of tourists who invade Chiantishire each summer are already aware that they owe their rustic accommodation to the longstanding *mezzadria*, or sharecropping system. Tuscan landowners divided their estates among peasant farmers, so the landscape is dotted with the harmonious, ancient buildings which housed them and their families.

Since the *mezzadria* was effectively outlawed in the 1930s, leading to a population drift to the cities, more of these buildings have been abandoned. Agrotourism is their new fate, as estates which once supported 100 to 200 people are now run by one family, a handful of labourers and their machines.

The gentrification of old agricultural properties has had little serious visual impact on the Tuscan hills, apart from the odd slash of turquoise for every pool installed, and the annual, but temporary, influx of Mercedes and Volvos.

What may, indirectly, cause more obvious damage to this countryside of unparalleled beauty is the particular strain of wild boar imported from eastern Europe in the 1960s by Italy's huntmen to supplement the local *cinghiale maremmano*.

It is considerably bigger, stronger and more ferocious than the indigenous swine. It also loves nothing more than ripe, sweet, juicy grapes, and seems to be extremely good at sniffing out the perfect moment to seize them from the vine, just before they were about to be picked and turned into wine.

The result is that vine-growers are becoming increasingly incensed about this new threat to their livelihood and are having to build not just little fences to keep such determined beasts out, but serious fortifications. Tuscan and Sardinian seem an unlikely alliance.

Last year at the respected but small Isola d'Elia estate north of

Poggibonsi someone had to spend several nights on guard in their most valued vineyard as the grapes neared perfect ripeness.

Even so, Paolo De Marchi reckons he lost 20 per cent of his 1995 crop and expects that proportion to increase with a wild boar population that already totals 30,000 in the wooded hills around Florence and more than that around Siena.

"We have a big fight with the huntmen, but there are more hunters than vine-growers so we get no help from the local politicians."

Marchese Piero Antinori, owner of substantial vineyards throughout

Buying good chianti

Adam Benchor of London SW8 (0171-733 1802) has a particularly interesting selection of individual Tuscan wines.

Vulvona & Crolla of Edinburgh (0131-555 6086) and Enote Winecellars of London SW18 (0181-871 2698) are trustworthy Italian specialists offering a wide range to mail order customers too.

Lee & Sandeman of London W8 (0171-733 4787) has made a specialty of Tuscany's up and coming estates.

central Italy and beyond, is more sanguine about these new super-boars, as befits the 25th generation head of his family's Florentine wine business. He thinks the boars may be deterred by mobile electric fences (which could have a considerable effect on local tourists too).

He is much more worried about the vine disease *esca* which is having a severe effect on the vineyards of Tuscany. Even the most casual observer can see that many of these vine-covered hillsides seem to have succumbed to a sort of alopecia. The luxuriant growth is punctuated with patches of dead vines.

Esca, which affects weak vines particularly, is caused by a mysterious fungus that can travel on vineyard equipment.

Average vineyard yields in Tuscany may look impressively modest to statisticians but this is nothing to do with producing concentrated fruit. It is largely because *esca* has

claimed up to 40 per cent of the vines in a typical vineyard, one planted in a hurry in the 1980s as landowners rapidly switched from the haphazard, mixed-crop plantings of the sharecroppers, early self-sufficiency experts, to mechanised, specialised vineyards.

"We're now going through a crucial period," said Antinori as he surveyed a devastated hillside. "We're not like the French who have replanted systematically. Eighty per cent of Chianti Classico vineyards are now more than 30 years old. Yields are falling and the vines need to be replaced. But Chianti Classico must be made from vines at least five years old, so we will have a big shortfall. It will create problems."

Antinori and some other – but by no means all – producers are trying to solve them by creating a new wine category, so that the produce of young vines (and the bulky expensive so-called Supertuscans languishing outside the embrace of Italian wine law) would simply be called Toscana. A decision is expected soon.

It is small wonder that so many Tuscan brows are knit over the relative merits of various vine densities, rootstocks and clones of their beloved Sangiovese grape. Over the past few years, after many a dalliance with such international grapes as Cabernet Sauvignon and Chardonnay, Tuscan wine producers have regained their faith in Sangiovese. Indeed many can hardly wait for the passing of (yet another) new wine law, allowing chianti to be made exclusively of Sangiovese.

(Ironically, the grafting of unfashionable vine varieties to snazzy grapes has left the resulting plants much more susceptible to *esca*.)

Thanks to much improved skills in the vineyard and cellar, Chianti is now recognised in Italy, the US, Switzerland, Germany and even in some corners of Britain as a seriously fine wine which truly and uniquely expresses the land from which it comes – and increasingly celebrates the fact that it has managed to escape the twin hazards of *esca* and wild boar.



Tuscany: 80 per cent of Chianti Classico vineyards are now more than 30 years old. Yields are falling and the vines need to be replaced

Tony Stone

Eating Out / Nicholas Lander

Chefs' school needs some lessons

The Apprentices, the restaurant attached to Butlers Wharf Chef School, has officially opened its doors after several weeks of trial runs.

Its aim is to alleviate the shortage of restaurant chefs and service staff in the UK and to supplement those chefs trained at British catering colleges who work in hospital, school, hotel and corporate catering.

The opening is to be welcomed particularly as it is the result of an unusual marriage between the restaurant industry, local authorities and professional bodies. The £500,000 needed to finance the school came from the London Docklands Corporation, Southwark Council and the Hotel and Catering Training Company, while on its board of governors sit representatives from Conran, Caprice and Group Chef Gerard restaurants.

"Our objectives are threefold," says John Roberts, the school's director. "First, to rectify the shortage of skilled restaurant staff; second, to enhance the professional skills of those in the industry by bringing in the most respected chefs as teachers; and, finally, to encourage the young and unemployed into the industry on sponsored courses. We can teach 220 on day-release, 35 on full-time courses and we intend to do this not in the classroom but in the kitchen."

What you eat and how you are served at The Apprentices is therefore the school's barometer. It is an L-shaped, low-ceilinged room where, cor-

rectly, the money has been spent on the kitchen rather than the restaurant, which is comfortable but retains a Continental cool verging on cold.

Our waitress had been a carer until she began her six-week food service course. She was by turn nervous, friendly and very nervous but she did not drop anything and promptly informed the kitchen when she spotted that we were finishing our first course.

What we ate was variable in quality but undeniably generous. The leek and potato soup was as good as you would find anywhere; a goat's cheese tart had the right flavour but the wrong texture. A big bowl of

spinach and asparagus risotto was suitably nutty but my main course, brill boulangère with celeriac purée and a red wine jus, was overcooked. Its description also troubled me.

As I read the menu my concern grew. All the French accents were missing and dishes were described mixing English and French.

What, I wondered, comes with "turban of lamb, olive oil mash, haricots vert"? Just one green bean? This may seem petty but, as any top chef knows, attention to detail is the secret to culinary success. Prices are not competitive enough, with first courses ranging from £2.50 to £3.75

and main courses £5.25 to £5.50. My lunch for two, three courses each, coffee and four glasses of wine was £33 without a tip. Roberts explained that these prices cover costs and make a return to the school.

However, it is surely more important to fill tables and give students the customers they need. There is no set-price lunch menu and, although prices may seem reasonable compared with other restaurants, they will not tempt new customers from nearby wine bars or pubs.

The Apprentice seats 45 but was no more than half-full on both occasions I ate there. Per-

haps its location, bequeathed by Southwark Council, near three Couran restaurants and the Bengel Clipper pub – and without a view of the river – is a mixed blessing.

Scant attention too has been paid to wine and the list, with more mis-spellings, is lacklustre. Sadly, it appears that there is, as yet, no involvement from London's lively wine companies, such as the Vintners' or Haberdashers', whose wealth, expertise and century-old interest in supporting educational establishments should have been encouraged.

An example of what the UK's premier chef school must aspire to is the newly opened

Culinary Institute of America in St Helena, Napa Valley, California.

This west coast campus, opened last September, used to be the Christian Brothers winery but has been transformed into a 117,000 sq ft school and restaurant thanks to 41 private and corporate donations totalling \$14m (£9m). The largest donation – \$1m – came from the Wine Spectator Scholarship Foundation, after which the 125-seater restaurant has been named. The size, technical scope and sheer amount of stainless steel, copper and today's favourite culinary toy – magnetic heat induction cooking – in the

teaching kitchens would turn British chefs green with envy. The UK needs not just more, better trained chefs but it needs to reappraise and revalue the chef's profession and cast away the Victorian view that chefs are part of the "downstairs" staff.

The Apprentices could make this happen and, with broader support from the British food and wine industries, could mark a milestone in the process. Along the way it deserves custom, support and patience. ■ The Apprentices, Cardamom Building, 31 Shad Thames, London SE1 2YR. Tel: 0171-254 0254, fax: 0171-403 2633. Lunch Mon-Fri 12.30pm-2.30pm, dinner 6.30pm-8.30pm. It will soon be opening on Saturdays and offering courses for amateur cooks. ■ The Culinary Institute of America, 2555 Main Street, St Helena, Napa, California 94574. Tel: 001-707 967 1100, fax: 001-707 967 1113.

Cookery / Philippa Davenport

The infinite variety of pancakes

The days leading up to Ash Wednesday were, by tradition, devoted to feasting before the 40-day Lenten fast imposed by the Church. On Collop Monday, cooks applied their skills to finishing up every last slice (or collop or escallop) of fresh meat in the larder. And Shrove Tuesday, the day for shirring (or confessing and having sins forgiven), became known as Pancake Day because of the popular practice of whipping up the last eggs, cream and milk – all forbidden during Lent – to make sweet and savoury batters.

The habits of doing penance and fasting throughout Lent have all but died out. But the pancake bonanza of Shrove Tuesday has not only persisted but grown apace – egged on, so to speak, by the promotional pushes from marketing boards, lemon juice makers and other trade interests. There are even pancake races in some parts of

Britain. The range of pancakes has also expanded to include an international assortment with a variety of textures and tastes. Richest and thinnest of all are England's own aptly named quire of paper, oozing cream and flavoured with fortified wine.

Theatrical luvvies and the liqueur-minded may favour flaming *crêpes Suzette* instead, while dished Scotch pancakes or drop scones made with crowdie or cream cheese and only a whisper of flour.

Cosmopolitans may ring the changes with delicate Piedmontese cannelloni (made with tender pancakes instead of pasta), yeast and buckwheat blinis, blistered Peking-style

pancakes to wrap round crisp-skinned duck, Breton *crêpes dentelles* as large and lacy as a doll's shawl, and so on.

Part of me feels that such egg and cream indulgence in this church-less day and age is faintly humbug. Feasts need fasts to counterbalance them; hence my choice of recipes today. These are pancakes, all right – cooked in a pan and cut like cakes. Delicious they are, too, but richer in vegetables than in cholesterol fats.

LEEK AND POTATO PANCAKE

(serves up to 6)

The boiled, grated and fried potato dish known as rosti has always struck me as one of the best things to have emerged from Switzerland. But why boil the potatoes first? If the potatoes are not spread too thickly in the pan, and if the flame is kept moderate, they will cook through perfectly well without pre-boiling, as cooks cutting time and corners may have discovered.

Leeks, on the other hand, do need pre-cooking briefly to reduce their bulk and drive off some of their liquid before they are sandwiched between layers of raw potato to make this lighter and fresher tasting variation on the rosti theme.

The extra effort is justified, I believe, for the end result is an excellent and pretty all-in-one vegetable dish that makes a fine partner for such meats and fish as steamed salmon, grilled chicken, cold roast pork and ham carved freshly from the bone. Vegetarians will

enjoy this vegetable pancake on its own or with a salad on the side.

Ingredients: 200g leeks (washed and trimmed weight); 400g potatoes that are neither very floury nor very waxy (such as Estima, Désirée, Romanne, Wilja); 2 tablespoons chopped fresh coriander leaves; a little olive oil and



unsalted butter.

Method: Slice the leeks into rings so thin that they fall into ribbon-like shreds. Heat a 28cm-30cm sauté or frying pan. Warm ¼ tablespoon oil and a hazelnut-size knob of butter in it and cook the leeks, stirring, over medium-low heat for 1-2 minutes. Cover tightly, turn the heat right down and cook for about three minutes more. Meanwhile, peel the potatoes, grate them coarsely and toss with ¼ teaspoon salt.

Tip the cooked leeks on to a plate and mix them with a seasoning of salt, black pepper and the green coriander. Pick up the grated potatoes,

a small handful at a time, and squeeze the juices firmly from them. Heat another ¼ tablespoon oil and a small hazelnut-size knob of butter in the sauté or frying pan. Draw the pan away from the heat and add half the potatoes. Spread them evenly over the pan base and press them down with a potato masher.

Scatter the leek mixture evenly over the top. Cover with the remaining potatoes and tamp down evenly with the potato masher. Return the pan to moderate heat and cook for about five minutes until the potatoes are half-cooked and the base begins to crisp to a golden crust.

Cover the pan with a large flat plate or similar flat dish that has been warmed in the oven and invert the pancake out on to it. Add another few drops of olive oil and another sliver of butter to the pan. Let the fats run all over the pan base and become sizzling hot before sliding the pancake back into the pan.

Cook the second side as before until all the potatoes are tender and the underside is glazed and crisp. Serve piping hot, cut into wedges like a cake and garnished with extra coriander.

SOCCA

(serves 3-4 for supper, more as a snack)

Also known as farinata, this chick pea flour and olive oil batter is still to be found in Nice, in the south of France, as well as in Liguria, Piedmont and Sardinia – delicious testi-

mony to the fact that all these places were part of the kingdom of Savoy before 1860.

In Italy and France, socca is usually made and sold as street food. Cooked at home, it makes a choice titbit to partner pre-prandial drinks. But I like it even better for a light supper on a tray by the fire with a bottle of wine, some small black olives, good bread, a crisp salad and perhaps a little sheep or goat's milk cheese on the side.

Ingredients: 150g chick pea or gram flour; 4 tablespoons extra virgin olive oil; about 2 teaspoons chopped fresh rosemary leaves.

Method: Sift the flour into a bowl and add ½ teaspoon of salt. Make a well in the centre and, using a small sauce whisk, beat in with a small sauce whisk 400ml of tepid water gradually. Continue beating until the batter is perfectly smooth and then set it aside for an hour (or three hours if time permits).

Just before cooking, skim any surface froth from the batter, and stir in the olive oil and rosemary thoroughly. Pour the mixture into a 30cm pizza tin or similar and set it on a hot baking sheet in an oven heated to 250°C (475°F/gas mark 9). Immediately reduce oven temperature to 225°C (435°F/gas mark 7) and bake until set, say about 20 minutes.

Loosen the pancake round the edges of the tin as soon as it emerges from the oven. Slide it out on to a warm, flat dish, grind lots of black pepper over it, and leave for 5-10 minutes before cutting into wedges for serving – or into ribbons if it is to partner aperitifs. Napkins are essential if it is to be eaten in the fingers.

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MOTORS

BOOKS

This book explodes the myth, perpetrated at the time of the Liberation, the purges and the post-war high point of communist influence, that French businessmen were nothing but a bunch of collaborators.

The authors paint in plenty of shades of grey between black-hat racketeers like Joseph Joffe, a Jewish supplier of scrap metal and virtually everything else to the Germans - who almost escaped retribution by cosying up to the Paris police after the Liberation - and white-hat companies like Hispano-Suiza, which despite being in the aero-engine business managed to contribute almost nothing to the German war effort.

They explain how it was that during the 1940-44 occupation years, through a mixture of compulsion, threat, enticement and of course the organised collaboration of the Vichy regime, France came to send Germany half of its national output, with nearly 40 per cent of French men of working age working either in France or in

Occupational hazards in France

Both industrial resistance and collaboration paid a post-war price, argues David Buchan

Germany for the Third Reich.

Surprisingly the Germans, who had 800,000 troops in France for much of the war, used relatively little direct compulsion. Where they did, mainly in the arms, car, energy, cement, metal-working and press sectors, there was often little French companies could do to resist, except to completely shut down as some newspapers did. Lafarge found itself building airstrips for the Luftwaffe, just as its UK subsidiary was doing for the RAF.

But the German authorities requisitioned very few firms outright, while German business found it surprisingly hard to buy into French companies - except Jewish-run ones. The Vichy regime in fact opposed such takeovers and the German authorities did not insist. Thus the Michelin tyre group and St Gobain glass group suc-

cessfully resisted pressure, backed with promises of scarce raw materials, to sell their subsidiaries in Germany and German-occupied countries.

"In the same way that the Germans relied on the [Vichy] government, with its administration and police, to run the country, so they relied very largely on French patrons to run industry", comment the authors. Clearly, many French bosses put company before country. But in doing so, they were not going against the popular mood which, remembering the mass unemployment of the 1930s, favoured a return to work after the 1940 defeat. Of course, the obsession of many bosses to preserve their companies' interests sometimes took a perverse form; a top manager of AFC, the precursor of Pechiney, even sought specific assurances that his company's

aluminium would end up in German weaponry and not be re-exported to AFC's "traditional clients" thereby queering the company's post-war markets.

Indeed the original 1940 armistice provision that

LES PATRONS SOUS L'OCCUPATION
by Renaud de Rochebrune and Jean-Claude Hazera
Editions Odile Jacob FF195, 874 pages

French industry should be forced to supply weapons to Germany was soon flouted by Vichy itself, which succumbed to German promises that in return it could retain one in every three warplanes made in France. Indeed Vichy became

more and more involved in organising industrial collaboration - and also in sending workers to Germany - always in the vain hope that this would give it more clout with Berlin in getting French prisoners of war back in exchange.

But some companies balked from 1940 on. Marc Birkigt, Hispano-Suiza's main inventor (and a citizen of Switzerland, not a country with a proud wartime record), immediately sent copies of his plans to Britain, and retired behind the Spanish border. The company shut down its Paris operation, and shifted all production to Tarbes in the south west which remained unoccupied until late 1942. The following year the Germans lost patience, dismantled the Tarbes factory and took 19 trainloads of its machine tools to Germany. With its workforce down to a

quarter of its pre-war size by 1944, Hispano-Suiza never really recovered.

Resistance, even passive resistance, did have its post-war price. Eighty per cent of Peugeot output went to Germany, but some of its workers were executed and deported for sabotage at Sochaux, which they abandoned in September 1944, allowing the retreating Germans to take a lot of machinery with them. As late as 1947 Peugeot teams were still looking in Germany and elsewhere to reclaim this equipment, whose loss cost them a competitive edge against Renault, nationalised after the war because of the collaboration of its owners. Appropriately perhaps, the Berliet truck business ended up as part of Renault, long after the trial of the Berliet family for collaboration.

Often the Germans' money spoke louder than their orders or threats. The French state had to pay FF400m a day in occupation costs, roughly 50 times the real cost of garrisoning the Wehrmacht in France, and ended up giving Germany a huge trade credit worth DM5.8bn. Initially the Germans could not spend anything like these colossal amounts "legally", so they resorted to Joffe and other black marketeers to suck still more resources out of France. From 1943 on, the Germans found another home for their money in the building of the Atlantic Wall against Anglo-American invasion, the biggest public works project since the Romans.

The blackest mark against the French business community was its general role in helping Vichy put into effect its "aryanisation" decrees, snapping up Jewish shares or companies put up for sale or liquidation. Sadly, too, Messrs de Rochebrune and Hazera record they found no evidence of "a French Schindler".

Skies versus clocks

On October 22, 1712, Admiral Sir Cloudesley Shovell ran the British fleet aground on the rocks off the Scilly Islands because he had no idea where he was.

On the way back from skirmishes with the French off Gibraltar, the weather was foul and the admiral thought he was still off the western coast of Brittany and so did his navigators. A midshipman, who had been keeping his own reckoning, tipped up to demand Sir Cloudesley had him hanged on the spot for mutiny. Hours later four warships and 2,000 men were lost. Two years later, the British parliament voted a prize of £20,000 for the first person to solve the problem of longitude.

Dava Sobel has written a gem of a book about the ensuing conflict between astronomers, certain that the answer lay in the skies, and the eventual victor, a self-taught clockmaker of humble origins called John Harrison. He is the book's hero and arraigned against him were the village of great lustre, not least Rev Nevile Maskelyne, one of the most august astronomers royal in history.

Harrison's theory was prosaically mechanical, a far cry from the complex astronomical formulae that had consumed the likes of Ptolemy, Galileo, Newton and

LONGITUDE: THE TRUE STORY OF A LONE GENIUS WHO SOLVED THE GREATEST SCIENTIFIC PROBLEM OF HIS TIME
by Dava Sobel
Walker and Company \$19, 184 pages

Halley. What a mariner needed to ascertain longitude was a sea clock that could be relied on to tell the precise time in home port, against which local time, measurable by the sun, moon and stars, could be offset. The difference between the two would establish where on the east-west line a ship was located.

His theory may not have been original, but its practical application had defied the best technicians. No sea clock, or chronometer, had been made that could keep precise time on a ship subject to buffeting by the sea and to changes in temperature and humidity.

But Harrison was a mechanical genius. It took him most of his life, but he was able in the end to construct, as Sobel puts it, "a series of virtually friction-free clocks that required virtually no lubrication or cleaning, that were made from materials impervious to rust and kept their moving parts perfectly balanced in relation to one another regardless of how the world pitched and tossed about them. He did away with the pendulum and he combined different metals inside his works in such a way that when one component expanded or contracted with changes in temperature, the other counter-acted the change and kept the clock's rate constant."

Harrison had an early supporter in Edmond Halley, the second astronomer royal, but it took him 40 years to claim the prize, partly because of his own insistence on perfection but mostly because the scientific elite, in particular Maskelyne, was committed to the astronomical solution. Harrison saw the rules of the prize game constantly changed and Maskelyne had no compunction about tossing his chronometers carelessly into the observatory's cellars to rot.

But, with the ultimate patronage of George III, Harrison was finally vindicated and his prototype models went into mass production. Now, notes the author, "some modern horologists claim that Harrison's work facilitated England's mastery over the oceans and thereby led to the creation of the British Empire - for it was by dint of the chronometer that Britannia ruled the waves."

Sir Cloudesley Shovell, incidentally, was one of the two survivors of the wreck of the Scillies, but not for long. Lying exhausted on the shore, he was murdered for his emerald ring by a local woman, who confessed on her death bed 60 years later. That is the sort of anecdote which illumines Sobel's book throughout and makes *Longitude* one of the best reads for the non-scientific mind to come along in many a moon - as measured by John Harrison's masterpiece.

Frank Field

Jurek Martin

Historical air on a guitar string

Peter Aspden reviews a fascinating book on forgotten moments in popular culture

As a man who takes popular culture seriously, Greil Marcus is magnificently intolerant of the strident tones and sloppy myths that make up much of its critical vocabulary. He cannot stand the pretensions of a Robert Altman, the laboured metaphors of an E.L. Doctorow, the self-consciousness of an American Graffiti. Yet ask him to explain why Bob Dylan, or John Wayne, or even Jan and Dean really matter to American culture, and there is no better advocate around.

THE DUSTBIN OF HISTORY
by Greil Marcus
Pleasor £15.99, 274 pages

gr's question in *Deep Blues*: "How much history can be communicated by pressure on a guitar string?" and answers plaintively: "More than we will ever know."

The view of history's master-narrative as an interested construction rather than a literal account of what really happened is hardly original; but seldom have the narrative's marginal figures been elevated with such informed brio.

Take Deborah Chessler, the subject of the finest piece in this collection of essays and articles and a name unknown to all but rock history's cognoscenti. A struggling Jewish songwriter from Baltimore, she started small-time: her first break came when she sold a jingle to the local movie house in honour of its new air-conditioning.

But Chessler was an original. She instinctively bucked the prevailing casual racism of her contemporaries - once, working in a ladies' wear store, she flouted the law by allowing a black woman, who just happened to be Ella Fitzgerald, to try on several dresses - but she was no ideologue, no heroine.

What she could do was write songs: in fact, she wrote one of the finest in early pop history, "It's Too Soon To Know" by The Orioles, credited as the first-ever rock'n'roll record and one of Marcus's sublime dustbin moments. "Suddenly, everything around it, on the radio, on the jukeboxes, sounded stale. In the voices you could hear... a quality of

contingency, a settling of everything in doubt, the echo of an event, happening now."

By the time he finishes with Chessler, you want nothing else but to head straight for a record shop, find the section devoted to cheap historical oddities (another "dustbin") and go home and listen for yourself. It does not disappoint.

European "high" culture gets a look in too: Marcus is fixated with Germans ("because in the second half of the century they looked so fervently at culture not only as a substitute for history, as a means of escaping from it, but also as a field for making history") and there is a little gem of a piece on Picasso's "Guernica".

But in truth, he is not too concerned with tendentious demarcation lines, especially when there is a good line to be had from mixing and matching: reviewing Umberto Eco's *Foucault's Pendulum*, he quotes Stevia Wonder: "When you believe in things that you don't understand / Then you suffer", and it makes perfect sense.

Marcus's aversion to the portentous leads him to find quality in unexpected avenues: in the made-for-TV Jan and Dean biopic *Dead Man's Curve*, for instance, which he lauds for its celebration of pop culture's "naturalness"; "not its significance, or its appeal as a Version of the American Dream, or its Basic Shallowness, but pop culture as a good context in which to live your life - obvious, emerging, and limited."

On the other hand, he takes delight in exposing pieces of work which strike him as fraudulent. He takes particular offence at a scene from Altman's critically-acclaimed *Nashville*, when a country music audience responds heartlessly to the on-stage breakdown of a singer: "(The scene) cannot possibly be a metaphor for anything but the director's cynicism and disinterest in his ostensible subject, since no country audience would respond to the collapse of a singer... with anything but compassion and fear."

Marcus's bravest project in this marvellous book is to rehabilitate the career of one Bob Dylan, with a trenchant, generous account of his 1963 masterpiece, "Blind Willie McTell". Most people had given up on Dylan and his "cult-blank eyes" long before 1963, but Marcus is not one to pander to received opinion. You can fleetingly consign an artist to the dustbin, but it does not mean you are right.



Russian poster advertising the film "Chelovek iz Lesa" (The Man from the Forest), 1928: one of 250 compelling images from "Film Posters of the Russian Avant Garde" (Taschen £24.95, 319 pages), edited by the American collector Susan Pack, which demonstrates the dynamism of Russian graphic art in the 1920s and 30s

In defence of Churchill's right-hand man

Wilson makes no claim that this is another biography of F.A. Lindemann. It is something much more interesting. Here is a series of essays on the impact of a political advisor. The book reviews a number of the crucial second world war strategies, the planning for the post-war world and evaluates Lindemann's influence. The overall judgment is rightly favourable to Lord Cherwell, as he became.

Anyone close to a prime minister, let alone a prime minister of Churchill's stature, is bound to attract enemies. Lindemann is no exception, but much of the criticism could be considered valid only if partial shots are taken of the record of 'the Prof', as he was known. On all key areas Linde-

mann was proved right, even when his judgment was based on faulty reasoning.

The criticism of his commitment to the bombing policy against Germany is a good example. He was wrong to believe that this policy would crack the German resolve to fight. But what would have been the outcome if the war had been prolonged, particularly after the bombing of Dresden? Here is the only point where I question Wilson's otherwise impeccable judgment. Dresden was a logical progression in the policy and Speer believed its continuance would have broken the German spirit.

Britain had an imbalance with too many bombers and

too many fighters. For a long time, bombing was the only form of attack against Germany. The Prof was wrong in supporting an unrealistic production level of bombers - and should not come of the bombers have gone to the coastal command to help protect the convoys from U-boat attack?

But while Lindemann was at fault in believing the bombing would lead to a German collapse it did have, contrary to the oft-stated view, a major impact on German war output. It also massively diverted offensive supplies to home defences.

What would have been the impact had this effort been transferred to the Russian

CHURCHILL AND THE PROF
by Thomas Wilson
Cassell £20, 224 pages

Front, at a time when we were unable to open up a second front, is left for us to consider.

The quality of Lindemann's view can also be seen in the advice he gave to Churchill on the home front. While the Prof clearly gained much pleasure in spreading stories about his own reactionary views, this is a distortion. His fight against a war of a thousand cuts on the living standards at home was little short of brilliant. The passage quoted by Wilson

about how a saving in one area results in a loss in another ought to be compulsory reading before any meeting of the Cabinet expenditure committee.

Wilson contrasts Lindemann and Beveridge, and again the Prof's political judgment grows with time. Wilson gives a neat deathblow to the now standard line that Churchill was not much interested in home affairs during the war. In less than half a page he recalls the issues the prime minister was dealing with at the time of the publication of the Beveridge Report. While the battle of El Alamein had been won the Germans were still a force in Africa. The Anglo-American

landing in North-West Africa had begun: the Germans had reached the oil-producing areas in the Caucasus; the Battle of the Atlantic was in full force and the Russian homeland was being pounded. Those whose interest is primarily in social policy need to see the whole canvas to which Churchill was applying his brush if a sensible judgment is to be made here.

Indirectly Wilson assesses why Lindemann was perhaps the most effective of all the political advisors so far appointed. A judgment not without importance as minds turn to the next government. Churchill and the Prof grew close over their early campaign about the nature of the Nazi

threat. Lindemann had a brilliance in not merely knowing the importance of developments but in being able to express them simply. He kept strictly to the area given to him by Churchill. A forthright fighter within these confines, Lindemann did not meddle in areas forbidden by his master. But this says something equally important about Churchill, who was not afraid to have substantial minds around him.

The author of this book, Thomas Wilson, was an advisor to the department of the environment when the poll tax was being debated internally. He was the only person to resign over the issue. Need anything more be said about his qualities?

Frank Field

مكتبة النور

BOOKS

Confessions of a sex-crazed poet

Michael Thompson-Noel is by turns seduced and repelled by a perilous read

Published in the UK as a paperback original, *Secret Life* has a spilling back-cover quote from the New York Times Book Review, which states that this "extraordinarily absorbing and disquieting autobiography is a portrait of the artist as a young man."

Smart thinking, guys. A quote like that ought to boost sales by several thousand, even though the quote goes on to state that the reason this startling book, by turns repelling and seductive, feels so perilous to read is because of the cumulative force of its unorthodox material, as well as its author's ability to make an artful and lucid narrative out of a mishapen and opaque life.

Perilous is the word. Ryan's recollection of his sex-crazed childhood, adolescence and early and middle manhood is so remarkably precise, his narrational skills so

great, that there are moments in *Secret Life* when one fears to turn the page. This is not because Ryan's sex confessions are outlandishly shocking – in a sex age like ours, that really isn't possible – but because of the consequences of his escapades.

Ryan, an American, is a successful poet. At the age of five, and for about a year afterwards, he was molested by a neighbour's son, a man named Bob Stoller, "young and handsome", just back from the Korean war, who had sex with him in an attic, before convincing the five-year-old that what they had done was such a big secret that no

one else would understand it. The child must never tell anyone as long as he lived.

"I'm not sure how many times Bob Stoller had sex with me," writes Ryan. "I remember my reluctance every time, and the ways he'd overcome it by appeals to my sympathy and vanity." However, so far as he recalls, the five-year-old Michael Ryan was always eager for sex with Stoller.

This may be the reason, says Ryan, why he believes that the most insidious part of sexual abuse lies in the creation of desire in the molested child: a desire that can never again be fulfilled, only compulsively substituted for and

repeated, unless – if he's lucky and finds help – he ceases to identify with the molester.

Until I read this book, I imagined – as who would not? – that the life of a sex addict was pretty groovy.

SECRET LIFE
by Michael Ryan
Bloomsbury £8.99, 352 pages

All those bodies. All those orgasms. But *Secret Life* blows that supposition out of bed. It was not, says Ryan, that he wasn't the person his friends knew, but that the secret person he was inside was the real Michael Ryan. It was like living

inside a spin-drier.

His primary loyalty was to sex: anyone would do, usually women, often men. No human relationship took precedence over sex. Achievements were meaningless unless converted into sexual rewards. Finally, after his second marriage had disintegrated and he had been sacked from his teaching job at Princeton for having sex with a student, Ryan found help, and a sort of salvation.

The mastery with which Ryan brings his story to its conclusion makes you wonder, at times, if it is autobiography, and not the work of an important novelist. That is how good it is.

It coils and uncoils, and coils again. For example, there is an hilarious account of Ryan's participation as a schoolboy in the Westinghouse Science Talent Search, a prestigious national competition. Entrants had to carry out projects, so Ryan embarked on a Frankensteinian experiment, utterly bogus, concerned with the immunological role of the thymus gland. He acquired some baby mice, and operated on one of them, using a scalpel.

Then he stitched it up again and wrote up the data. Embellished them greatly. There were graphs, charts, photos. Much to his surprise, his boneheaded project won

an honourable mention from the judges. There was a write-up in the local newspaper. About 20 schools offered him scholarships.

And then he got an anonymous call from a girl who told him he was cute. How would he like to make out with her? Cars full of girls drove by his house at midnight, calling for him to appear. Two of these girls were moderately good looking, so he took them out on successive weekends, driving his car into a field and sticking his hand in their pants. The girls reciprocated.

The impressiveness of the Westinghouse episode lies in the fact that we know the psychological context in which it occurs, and can feel and taste everything that is going on when Michael Ryan drives those schoolgirls into the field and sets the handbrake.

Heaven protect us if he ever writes a novel.

Planetary catastrophe wrought by mankind

Man's greed has already sown the seeds of his destruction, warns A.C. Grayling

Did you know that within two millennia of his arrival in North America about 12,000 years ago, man had hunted 57 species of the continent's largest mammals to extinction? That earth's forests are being cut down at a rate of over one acre per second? That human beings – constituting a tiny minority of the planet's fauna – annually consumes one half of the energy needed to sustain all the planet's life forms?

Even if one were hearing these facts for the first time they would

THE SIXTH EXTINCTION
by Richard Leakey and Roger Lewin
Weidenfeld and Nicolson £18.99, 271 pages

probably seem "unsurprising". We seem inured to our greedy carelessness as a species, feeling either that we are impotent to stop our delinquencies, or that our very mortality – the limit of our three-score years and ten – makes it unnecessary to think ahead; or our grandchildren, we seem to say with a shrug as we turn out car-keys each morning, can scramble for survival among the wreckage as best they may.

How, though, are we to make sense of the planetary catastrophe being wrought by mankind? In this exceptional book Richard Leakey and Roger Lewin place the human impact on earth into the full context of biological history, telling a fascinating and in the end chilling story of change and extinction in the evolution of life.

Ancient myths of divine creation and destructive world-wide floods paint a picture of sudden cataclysm in earth history. The 18th-century

science of Charles Darwin and Charles Lyell introduced an opposing view into the respective stories of biological and geological evolution: gradualism. In Darwin's account, the flow of life is a struggle in which only the fittest win, overcoming both competitors and environmental factors by successful adaptation. The process is slow and steady, but it leads incrementally towards higher forms of life, representing – in Darwin's words – "progress towards perfection".

This comforting view no longer bears scrutiny. As Leakey and Lewin report, controversial recent work suggests a very different picture of the history of life, as follows.

The first simple life forms existed for billions of years without change; six-sevenths of earth's history belong to them. Then, about 530 million years ago, and in the geological eyeline of a mere five million years, life suddenly exploded into a vast diversity. Most of it vanished almost as suddenly, within another few million years, leaving behind the forms which have evolved into today's life. The surviving forms were not fitter or better adapted to the Cambrian world in which this phenomenon occurred; which forms survived and which vanished was a matter of mere chance, a lottery.

And this was true too for the two-limb worm which evolved into the vertebrates, and finally into us. In the half-billion year period between the Cambrian explosion of life and now there have been many extinctions of species. But on five occasions there have been mass extinctions, defined as events in which at least 65 per cent of all species were simultaneously obliterated. In the most dramatic of them, at the end of the Permian period 225 million years ago, 95 per cent of



Technicians attempt to cap oil wells sabotaged during the Gulf War; photograph by Sebastião Salgado included in "This Critical Mirror" (Photocollage since the 1980s) (Thames and Hudson £19.95, 225 pages)

marine species were extinguished. After each one previously insignificant life forms rose to prominence, availing themselves of vacated ecological niches. After the last and most famous mass extinction 65 million years ago, when the dinosaurs disappeared, there emerged a group of small scurrying creatures who, until then, had been keeping well out of the way: the mammals.

There is much controversy as to why these mass extinctions occurred. One theory nominates change of sea levels, another nominates global climate change, a third

– looking increasingly plausible – collision with asteroids. Different extinctions might have had different causes, some a combination of them. But the cause of the current extinction – for a sixth is actually in process – is all too readily identifiable. It is the activity of homo sapiens.

The revised picture of biological history described by Leakey and Lewin suggests that the origin and destruction of life forms is a matter of accident, and that catastrophes have a greater impact than the more local phenomenon of Darwin-

ian natural selection, which explains change in non-catastrophic circumstances. It is the catastrophe theory which explains why man's activities are ecologically so dangerous.

The current crisis is caused by man in three ways: first, by his direct exploitation of nature, as in hunting; secondly, by his introduction of alien species into ecosystems (the arrival of man and rats in New Zealand, for one example, wiped out its flightless bird populations); and thirdly, by his destruction of ecosystems through deforestation and pol-

lution. At the current rate of man's activities, half the present species on earth will become extinct before the end of next century.

And here is the chilling clincher. Biological diversity is necessary to the survival of species. No one species can survive alone; there has to be a critical mass of them to ensure balance and support. Man's destruction of fellow-species, if it has already gone too far, has therefore already caused his own extinction. For extinction is not an instantaneous process; it can take centuries, millennia, even millions of years.

But it is not improbable that mankind has by now made his own survival impossible – in which case we are, as the authors put it, already the living dead.

They ask: does it matter? and answer in the affirmative. While there is hope and perhaps time, we have no right – we the species which can reflect, understand, make choices – to take so many other species into the abyss with us.

This is a highly readable, educational book. It puts a controversial view, but one that must be heard. It is therefore required reading.

Locked up for no reason

Joan Smith searches for clues in a tragic story which is far from black and white

Marsha Hunt's book is the story of her attempt to discover the precise nature of the catastrophe that happened to Ernestine, an intelligent young woman with an ambitious husband and three young children, in the late 1920s. Ten years ago when Hunt published her auto-

biography *Real Life*, one of the photographs showed Ernestine at her high school graduation, yet Hunt knew almost nothing about her.

"My poor, dear sick wife is still at the hospital, incurably insane. Of course, divorce is not permitted in the state of Tennessee," Hunt's grandfather told her during a visit to Memphis in 1977. Blair Hunt Sr had been only the third black had been only the third college person in Memphis to get a teacher degree. He became head teacher of a black high school and, even after his retirement in 1959, remained a significant figure in the city.

Yet the wife of this influential citizen languished in a mental institution for five decades and his three sons were brought up by their grandmother, Ernestine's own mother, in Boston. For most of her adult life, Marsha Hunt assumed Ernestine was dead. Then, in 1981, she got the telephone call which prompted the quest that forms the



Marsha Hunt: until five years ago she thought her grandmother was dead

core of this book. Her cousin rang Hunt's secluded house in France with the shocking news that Ernestine was still alive.

More shocks were to come: the sheer number of people, family and friends, who knew Ernestine's whereabouts but never visited her. Perhaps most disturbing of all was the fact that Ernestine's guardian, the person who controlled her

allowance and made decisions about her welfare at the nursing home after her husband's death, was Blair Hunt Sr's acknowledged girlfriend during his lifetime.

Much of this was unknown to Marsha Hunt in the summer of 1981 when she scraped together the airfare to Memphis and visited her grandmother for the first time. Arriving at the nursing home, she

was faced with "a morbid collection of silent old women of varying shades of brown, except for one huddled in a big plastic chair". Even at this heart-wrenching moment, Hunt was struck by a bizarre fact about her grandmother: "I was too conscious of how white she looked".

Race is at the heart of this tragic story, for Marsha Hunt's family are the descendants of slaves and their genes carry evidence of racial intermingling, some of it probably the consequence of rape in the ante-bellum period. That Ernestine's singular appearance may have been a cause of family conflict and a factor in her confinement in a mental institution is only hinted in this sensitive, painful book.

In spite of diligent research in Memphis and Boston, where Ernestine's supposed mental instability was first diagnosed, Marsha Hunt never discovers the real reason behind her grandmother's commitment. But one detail sticks in the mind: the fact that when she was locked up in a black asylum in 1929 Ernestine Hunt insisted – as she has gone on insisting to this day – that she was white.

In that sense, *Repossessing Ernestine* is an unsolved mystery. It is also an honest, eloquent account of the problems inherent in trying to rehabilitate an elderly woman who has been imprisoned in institutions for more than half a century. Hunt's attempt to have Ernestine live with her in England fails but her grandmother grows more alert and interested in her surroundings as their relationship progresses.

She even succeeds, in a moment of dreadful poignancy, in articulating what a terrible wrong was done to her. Speaking in a Southern black accent that does not match her looks, she tells Hunt simply: "I got killed". This is not a book with a happy ending but it does at least restore to Ernestine Hunt a degree of dignity denied her for the greater part of her adult life.

Crime/Michael Carlson

Master of perception

Lawrence Block could be forgiven for feeling schizophranic. He has written 13 novels featuring Matt Scudder, an alcoholic private investigator who works as an unlicensed private eye out of Manhattan's Hell's Kitchen, and another seven starring Bernie Rhodenbarr, who runs a bookstore on the Upper West Side but is actually a burglar. Both series are written in the first person, and the evidence of Block's skill as a craftsman is the ease with which he, and his readers, can move between the two and never get confused.

Matt Scudder's books are hard-boiled. Scudder lives with an ex-booker, who has given up her past just as Scudder has given up the juice. Scudder will not, however, give up the dimly lit world he inhabits. This is old New York: an interlocking web of ethnic neighbourhoods, after-hours joints, and backhand deals, where legal and illegal are merely terms of convenience for newspapers and DAs. Despite Scudder's sobriety, he remains a part of it.

In 17th-century Naples, a banker named Lorenzo Tonti invented a scheme whereby a group of subscribers would pay into an investment fund whose proceeds would be paid to the group's last surviving member. It became known as a tontine. Centuries later in Manhattan, the members of a club with no function except meeting once a year are dying at an unusually high rate. One member approaches Scudder to look into the deaths and see if anything untoward is happening.

Of course, something is going on and Scudder eventually discovers what it is, but it is the course of the investigation and the attendant sto-

ries it reveals that make this such an entertaining suspense novel.

Few genre writers can maintain a reader's interest in a protagonist over a long series of stories: Robert Parker's Spenser, for example, a fantasy figure of brutal sensitivity to begin with, degenerated into self-parody long ago. But Scudder has grown as a person, and his milieu has been drawn more clearly as he grows. His perceptions, rather than the details of his life, become the focus, a lesson more first-person writers should learn.

A LONG LINE OF DEAD MEN
by Lawrence Block
Orion Books £15.99, 283 pages

THE BURGLAR WHO THOUGHT HE WAS BOGART
by Lawrence Block
No Exit Press £9.99, 291 pages

There is a male fantasy in which men spend hours in bars after closing, discussing life with others who talk intelligently and spin tales with the skill of a Scheherazade. It puts the world back into a manageable perspective. Reality is the drunken lout you can neither ignore nor get rid of, which is why long hours in bars turn you into a drunk. It is no coincidence that Block's Scudder, having overcome his alcoholism, takes us with him into such conversations, and it is no wonder the challenge of the mystery often takes a back seat to the discoveries awaiting us there.

Bernie Rhodenbarr's uptown world is the comfortable one where

the locked room mystery and the amateur sleuth hold sway.

This story, a tongue-in-cheek homage to Sue Grafton, creeps desperately at the edges. We have to accept that Bernie can recall faces off 75-year-old postage stamps from a non-existent Balkan principedom, yet not recognise Cyrillic letters. We have to accept a character whose name and nickname conveniently match that Cyrillic. And we have to accept that his sidekick, the lesbian dog-groomer Carolyn Kaiser, has never heard of Phnom Penh, but six pages later knows exactly how many countries Yugoslavia has split up into. There are people in the foreign office who do not know that.

On the other hand it is fun to have the characters from *The Maltese Falcon* (Gutman, Cairo, and Wilmer) interacting with Ilsa and Victor Laszlo from *Casablanca*. Block throws in everything except Walter Huston falling through the doorway clutching a wrapped bird. It would be even funnier if it did not lead to exactly the same climax that Woody Allen did better, 20 years ago, in *Play It Again Sam*.

The *Burglar* books recall Donald Westlake's Dortmunder gang. In fact, Rhodenbarr himself seems a direct descendant of Grofield, the part-time actor and thief whom Westlake spun off from his Parker novels. Those books, written under the Richard Stark pseudonym, are among the greatest hard-boiled writing of all time. It is not far fetched to see Block as a legitimate heir to Westlake's schizoid skill.

Someday Matt Scudder will cross paths with Bernie Rhodenbarr on a case. Now that will be interesting.

ARTS

First Lord of the Academy

William Packer welcomes a re-appraisal of the work of Frederic Leighton, who died 100 years ago

None better represents the vagaries of critical fashion, in particular as they have affected Victorian art, than Frederic Lord Leighton. Leighton died 100 years ago, aged 65 and within a month of being raised to the peerage. He was the only painter to have been so honoured. His body lay in state at the Royal Academy, of which he had been president for the past 18 years, and, escorted by a detachment of the Artists' Rifles, was drawn through the streets of London for burial at St Paul's.

Here, in the eyes of his contemporaries, was a great man, a pillar of Victorian England. Yet within 60 years he had so fallen from the collective consciousness that "Flaming June", one of his last and most successful works, the sensation of his farewell Summer Show, was to be had from a Chelsea stall for a mere £50, its frame alone priced at £85. Sold on to the Ferre Foundation in Puerto Rico for £2000, it is now valued at several million.

That his lost reputation is now somewhat restored by the Royal Academy's highly enjoyable centenary celebration of his life's work is not to say that he was a neglected genius and the greatest artist of his time. Far from it. He was manifestly uneven in his production, capable of failures quite as spectacular as his successes, and worthy is the epithet that comes to mind. Yet it is right that work such as his should be given an open-minded reappraisal, for it gives us a truer picture of the state of British art in the later 19th century in all its complexity of influences and attitudes, cross-currents and counter-flow.

The point is that we have been victims too long of the over-simple art-historical opposition of the Salon and Academy on the one hand, and the Modern on the other. The

result is the easy assumption that the Academic position was necessarily retrogressive and bad, the Modern progressive and good. To look at the work of Leighton from first to last is to register all those tensions and contradictions. All art is modern in its time.

Leighton was well-travelled, his childhood and early maturity spent almost entirely abroad, first with his expatriate family and then studying variously at Rome, Frankfurt and finally Paris, where he spent most of his twenties. He returned permanently to London only when he was nearly 30. By that time his contact with artists was no less international, including Whistler and Poynter, Decamps, Troyon and Perugini. He was familiar with the work of the Nazarenes, the group of German artists that had worked in Rome earlier in the century, and the Campagna painters of his own generation. He knew the work of Ingres, Corot and Daubigny, the Barbizon painters and the pre-Raphaelites. To think of him as not up with modern painting in his day because such other near-contemporaries as Degas, Manet or Cézanne had failed to register with him, is hardly fair.

Where Leighton falls down is in his inconsistency. He burst onto the English stage in 1855, as he starts us now in this exhibition, with the remarkable "Cimabue's Madonna" carried in Procession through the streets of Florence, part Nazarene, part pre-Raphaelite in its influence. Ruskin used his drawings as perfect demonstration of pre-Raphaelite principles of truth to nature. But the impetus was not sustained.

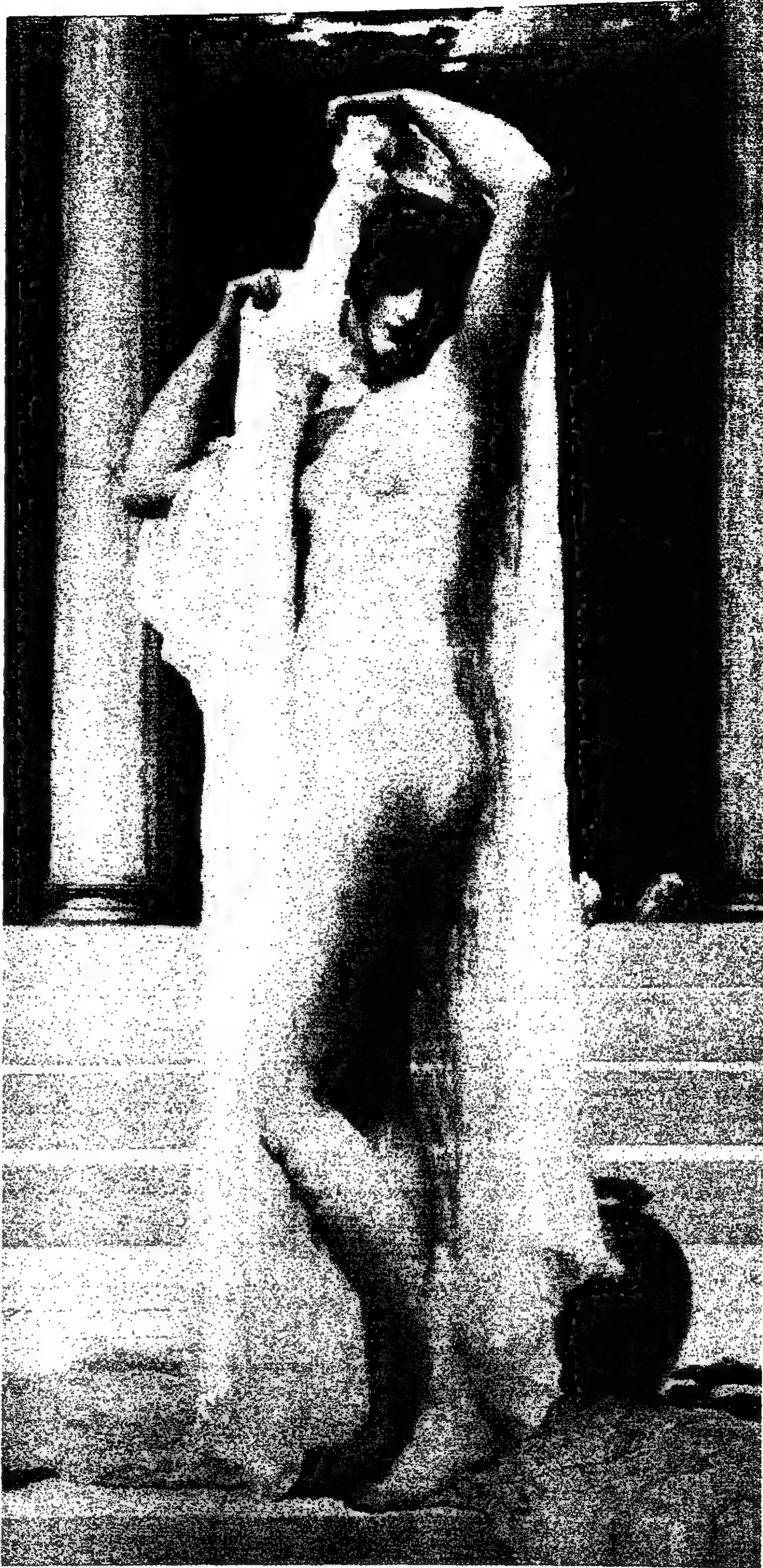
For the next few years, Ingresque portraits, Italianate idylls and Nazarene history

paintings come round by turn, followed by flirtations with aestheticism, full-blown essays in classical subject painting, symbolism, and idealised figure painting. Some of it is impressive enough, but much is flaccid in execution and sentimental in effect. Too often, in both his drawing and painting of the figure, the handling is inhibited and limp, afflicted of structure and without flair.

And yet through it all runs a thread of *plein-air* landscape study, small in scale, direct and fresh after the manner of Corot and the Barbizons, showing a natural painter dying to be let free. It is as though Leighton was always the painter he felt he ought to be - serious, public and official - in a time when the general drift, most certainly in the generation after him, was turning towards something more direct to experience, intimate and personal. Too often we have to recognise that other painters were doing what he was doing, but rather better - Millais the history painting, Burne-Jones the romantic idyll, Rossetti the ideal woman, Alma-Tadema and Poynter the classical narrative. Whistler and Albert Moore the aesthetic ideal.

But this is not to deny Leighton his particular triumphs, from "Cimabue's Madonna", so long asked at the National Gallery, and the delightful "May Sartorius" in her ostrich-leaf hat before 1880, to the 1890s and the luxurious "Garden of the Hesperides", "Andromeda" tethered sensuously to her rock for the monster to devour and, best of all, "Flaming June". The curled, sleeping, radically fore-shortened model is a burst of light in her orange shift, and as bold and monumental a composition as could be.

Frederic Leighton 1830-1896: The Royal Academy of Arts, Piccadilly W1, until April 21; in association with Christie's.



"The Birth of Psyche", c.1889-90 by Frederic Leighton: critical attitudes to his work gives us a true picture of the vicissitudes of taste

At Home with the artist

They may not be the most awesome last words, but "Give my love to the Academy" neatly sum up the life of the artist Lord Leighton, a president of the Royal Academy, whose centenary is currently being celebrated all over London, not least in a major retrospective at the RA (reviewed above).

Lord Leighton never married. He devoted himself to work, and was a punctilious resident of the RA. Like Tennison and Gladstone he was the quintessence of Victorian manhood: straight, honourable, dedicated.

Like Gladstone, his very decency attracted title-tattle and his beneficence to his last model, Dorothy Dene - which stretched to housing her family in Clapham, a house he visited to "come off his stilts" - gave the gossip a field day. But Lord Leighton's moral reputation held, even if his artistic eminence slid into oblivion in the middle of the 20th century.

Leighton House in Kensington, his home for 30 years, is

honouring the centenary with that latest in artistic novelties: the audio-visual promenade tour. In small groups you walk the house, stepping back with the help of smells, recordings and actors, into the late Victorian age.

In the dining room, we hear his manservant Kemp recall convivial bachelor banquets, which were enlivened by blue stories, Browning, and the Prince of Wales. In the picture gallery his friend Sir Richard Burton takes over, reminiscing about the oriental passions he shared with Leighton, a passion which helped create the Arab Hall, a tiled and domed patio dreamed up in Damascus and dropped into Holland Park, surely one of the finest interiors in London.

Leighton House has always been a memorial to the artist, with his paintings on the walls, his furniture in the rooms. The most lived-in room, the studio, has been returned to its original appearance, a confusion of screens, sketches and busts, as caught in contemporary photographs. Here Dorothy Dene describes

her decorous relationship with Leighton, dressed in the soft robe made famous in "Flaming June".

Ms Dene is so affecting it is unsettling to read in the new guide to Leighton and Leighton House that the model for "Flaming June" was probably the distressed gentlewoman Mary Lloyd. No matter, after this frisson of gossip amid the clutter of the studio we pass into the most chilling room in the house. Leighton's bedroom.

After the grand rooms for entertaining and the sybaritic Arab Hall, it is a shock to stand around the tiny bed in the small, spartan room where the artist died in January 1896. The music of Brahms accompanies the rushed voices of doctors, servants, and the man himself, who leaves this world with his thoughts on his beloved RA.

Antony Thorncroft

"Relentless Perfection", £3.50. To book, tel. 0171-603 9116. The house re-opens as a museum on May 1.

Radio/Martin Hoyle

Awkward questions

extent we would have found astonishing and disturbing even a few years ago.

These thoughts are prompted by a recent item on Radio 4's *You and Yours*, one of those programmes that often asks unflinching but uncomfortably probing questions. The free coal that ex-miners are entitled to in some parts of the country is now being taken from the poorest quality, frequently contains stones, and in some cases so useless that it is forcing the recipients to stump up from their pensions to buy their own.

The disturbing element is that complaints and questions have been passed in a perpetual circle, from the ex-national coal authorities in London via a Harrogate office to Sheffield and back to London. There is something Dickensian about what appears to be callously contemptuous sharp practice. There are certainly Victorian values in evidence here; pre-Lord Shaftesbury by the sound of it.

The morality of corporations and governments was the implicit subject of *Analysis: Dirt across the Border*. Frances

Cairncross outlined some of the choices facing us when pious combating global pollution. Should international companies vary according to the standards of the countries they invest in? Should they take the lead from an un-green government or set an example notwithstanding?

Some surprising conclusions were drawn. Some European nations have "shot themselves in the foot" with over-regulation which should be relaxed. The passionately crusading Edward Goldsmith insisted that the Third World should feed its own before exporting to cater to the west's sophisticated needs: unexceptionable, one would think, except that he went on to advocate refusing to trade with them so as to ram the message home: a dubious way of being cruel to be kind.

Still, it was heartening to hear that Britain, as far as pollution is concerned, "is blessed with strong winds and short, swift rivers". It has been so long since we were considered blessed with anything that I

found this tiny affirmation of faith rather touching.

And morale needed boosting a week ago. On the Friday the IRA reminded us that they are still around, and that evening the media were understandably dominated by the news. Saturday morning's *The Week in Westminster* had something of a scoop, presented by Boris Johnson of the Telegraph who was in his Canary Wharf office at the time of the explosion. He presided with gravitas and efficiency over splendidly prepared interviews and exchanges that sounded as if the programme had been weeks in the making instead of a few hours. The listener tried to deny the uneasy appropriateness of another item, on the antagonism between native Latvians and the Russians who have lived in Latvia for years, in some cases born there and regarding it as home, though now abused and driven out.

The exiled Duke of Milan appeared to have made landfall in the Emerald Isle in Radio 3's production of *The Tempest*. A cast led by Ronald Pickup's mellifluous Prospero and Sarah Woodward's gutsy, un-soppy

Miranda gave a better account of the play than you are likely to meet with in the theatre. The cast actually pronounced the language well and gave every appearance of understanding what they were saying: a double feat rarely achieved on our great subsidised national stages. The Irishness I found not terribly relevant politically, though Caliban did remind me of many an amiable toper in many a Kilburn bar, and left me wondering if this agreeable association of ideas was racist.

There is something gloriously, unregrettably racist, if the north is a race, about Peter Tinniswood's Uncle Mort and his reticent nephew Carter Brandon. Their chauvinism is directed not just against southerners but the Welsh as well. *Uncle Mort's Celtic Fringe* started a five-part progress through the principality on Monday, and I shall tag along for the ride. Tinniswood's quirky gift for elliptical, apparently inconsequential detail is a faintly baffling delight. He is an Alan Bennett with surrealism and bite. Pete Atkins's production is a constant pleasure, fielding some fine performances (June Barrie's trans of a scorp, presented by Boris Johnson of the Telegraph who was in his Canary Wharf office at the time of the explosion. He presided with gravitas and efficiency over splendidly prepared interviews and exchanges that sounded as if the programme had been weeks in the making instead of a few hours. The listener tried to deny the uneasy appropriateness of another item, on the antagonism between native Latvians and the Russians who have lived in Latvia for years, in some cases born there and regarding it as home, though now abused and driven out.

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Theatre/David Murray

A good-looking 'Dream'

For its new *Midsummer Night's Dream*, the Leicester Haymarket has borrowed Matthew Lloyd from the Hampstead Theatre as director. He has devised a curious show, often "interesting" - it starts several hares which soon disappear into the far distance - but rarely funny, and then only with sudden onslaughts of knockabout comedy. In the Pyramus & Thisbe scene, of course, and for the lovers' last demented quarrel, I could easily believe that Lloyd began with intentions that never got realised.

It looks good, in Ashley Martin-Davis's free-floating designs: just a deep semi-circle of luminous vertical cords, with suspended moon-globes (one huge, three smaller) and scatty costumes. All the upper-class Athenians wear posh pyjamas, with or without dressing-gowns. The rude mechanicals sport orange boiler-suits - which conceal lurid Lycra tights, with external underpants, because they have to double as the fairy troupe. Naturally they are much larger than usual, and indeed the looming Mustard Seed com-

mits a realistic near-rape upon Hermia the moment she ventures into the wood.

Nothing more malevolent develops, though Jonathan Arun's Puck is bare-chested with braces, a boater, striped trousers and scarlet lips, suggesting some obscurely perverse streak. Incidentally, whenever he or Helen Baxendale's Hermia speaks crosswise to the audience we lose most of their words: disappointing for students who have the *Dream* on their syllabus. How Shakespeare's repertoire is dictated by GSCS and A-levels! We are lucky ever to get *Timon*, or *Cymbeline* or *All's Well*.

Again Hippolyta and Duke Theseus do their now-standard doubling as Titania and Oberon. But why? Roger Lloyd Pack chews sombrely over his lines as Theseus in near-School field style, and does the same, only nastier, as Oberon. That clever, tubby actress Annette Badland has evidently been cast as both Queens for her size, since her circus-pink costumes grossly exaggerate it; very well, she makes neither a likely Amazon queen nor a

fairy one (though her attention is always lofty and well-ward) - but nothing comes of that, except unusually grotesque coupling with Bottom in his ass's guise.

Andrew Joseph's Bottom is cheerfully thick and simple, and the other mechanicals are of unremarkable mien. David Elliott's handsome Demetrius evinces some lively intelligence; Sean Harris's long, wearily bespectacled Lysander makes a promising arrival and then fades steadily away. The queline Defferary's Helena is all right, though in *Pyramus* white she spoils. Her "Painted maypole" jester. There are too many details that add up to nothing in particular. A pretentious note in the programme-book claims that "the confusion caused by the application of Puck's juice demonstrates the fickleness of sexual attraction". Nonsense: it shows only that magical tinctures can lead lovers astray. The close of the play assures us that when true lovers are in their right senses, they will find each other.

At the Haymarket, The Leicester, until March 2.

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SPORT

Sporting Profile

Smash and grab artistry

Simon Hughes on Wasim Akram, a wicket-taker with attitude

Supreme wicket takers are like arch criminals, constantly breaching security to steal the batsman's belongings.

Curtly Ambrose is The Terminator, a relentless persecutor; Shane Warne plays the Artful Dodger, a conman sneaking through unlikely gaps.

Wasim Akram is the smash and grab artist, making a great racket to get what he wants. He and Waqar Younis, his fearsome partner, are cricket's equivalent of Bonnie and Clyde - pillaging and leaving few survivors.

They will have claimed a few more distinguished victims before the 1996 World Cup is over.

There is absolutely nothing subtle about Wasim Akram. He has the fastest left arm in the business - a whiplash action, like a young sapling suddenly unthethered - the wickedest bouncer, an ogre's appeal.

He will try anything to get a wicket: short balls, yorkers, in-swingers, outswingers, slower balls, even politely admonishing the umpire if his demands for lbw are turned down.

"That must have been out, come on," he often retorts, looking as if he is about to burst into tears.

If a batsman hangs around for long, he takes umbrage, and goes round the wicket. Along with sitting exams and going to the dentist, this is one of the most unpleasant experiences in the world if you are on the receiving end because you cannot see him coming.

Usually the batsman gets an indication of a fast bowler's aggression and intent during the galumphing run-up, and can duly prepare for it. When Wasim decides on this alternative angle of attack you can sense those mincing little steps shuffling up behind the umpire, the sharp intakes of breath.

But there is no actual sign of him until he suddenly veers out from behind the official's left ear lobe and pings the ball down at your ribs.

It is fascinating how each leading cricketing country specialises in a different bowling stereotype. Tall lissome pacemen are typical in the West Indies; the Australians produce a more brawny type of fast bowler; in England the miserly seamer rules the roost.

India is famous for its spinners, while Pakistan seems to have a monopoly on whippy swing bowlers. Wherever you look in local parks or playgrounds, callow youths gallop into bowl in

their long floppy shirts slinging down dipping yorkers with perfect MCC-approved actions. There are literally dozens of Wasim and Waqar look-a-likes scurrying about propelling tennis balls encased in black tape.

What marked Wasim out from the teenage crowd was height - he is 6ft 4in - his speed, and his ferocious big hitting. He was soon invited to a camp for the best under-19 players in the country. In the nets there he whizzed a few past the edge of Javed Miandad, who just happened to have popped in for some practice and, at Miandad's insistence, was instantly included in a Patron's XI against the touring New Zealanders.

When Wasim took 7-50 in the first innings, Miandad presumably congratulated himself on his clairvoyance. As is the tendency in Asian countries, the Test selectors wasted no time in showing him further up the ladder and picked him, aged 18, for the tour of New Zealand.

I was in the country at the time and have vivid recollection of this wiry, bustling youth spreadeagling several batsmen's stumps in Dunedin. He took 10 wickets in that match - his second Test - but spent a lot of time staring indignantly down the wicket during a heroic last wicket stand between the New Zealand captain Jeremy Coney and Ewen Chatfield that cost Pakistan the game.

Whether it is a howl of anguish as the ball just misses the stumps, a shriek of delight when he takes a wicket, or the hands on hips pose when the umpire turns down another appeal, Wasim cannot conceal his feelings.

His explosive nature is both an asset and a hindrance on the field. He produced a series of virtuoso performances when Lancashire signed him on an unprecedented six-year contract in 1988, but was then fined £1,000 by the county after a particularly bad tantrum three years later.

He was sometimes to be seen sitting sullenly on the physiotherapist's table at Old Trafford reluctant to play, then departing in high dudgeon - with his personal chef - when it was pointed out that he was not exactly providing value for money.

Some unkindly suggested it was his bulging wallet hampering his movements; but in his defence he was often in considerable pain from a lingering groin injury, the result of an exaggerated



180 degree pivot of his back foot in delivery.

It is this freak motion which is the secret of his phenomenal success - 239 Test wickets in only 67 matches, approaching 300 wickets in one day internationals. Pretty formidable for someone who is not yet 30. "I don't have to run a long way to get my pace," he says. "The extra zip comes from my wrist and body action."

He alters the angle of his wrist to swing the ball both ways and has mastered the art of making an old, scuffed ball bend alarmingly.

Now humbled, rather than honoured, with the Pakistan captaincy - a job with about as much security as an English football manager - he has inherited a withering responsibility. He must unify the disparate elements of his team, as Imran Khan did four

years ago, to retain the World Cup in front of his own people.

He is quietly confident: "Australia are definitely the best team in the world right now - but we have got the home advantage. The wickets here are very good and we know how to bat and bowl on them, too. The first six batsmen are quite capable of winning the game on their

own, and the opener Saad Anwar is a one day specialist - he is very talented."

There is no doubt he leads a team brimming with talent and confidence but one that still leans on him to pave the way to success.

If Pakistan are to make off with the spoils again they need Wasim to plan the route, carry out the main raids and probably even drive the getaway vehicle.

Indoor Athletics / Pat Butcher

Sorry, I've a flight to catch

The meeting at the National Indoor Arena in Birmingham was moving towards a rousing finale last Saturday with the anticipated denouement of a long and close contest in the men's high jump.

Stenar Hoen of Norway, the European champion, had made a clearance at 2.34m, and on his third and final attempt, Steve Smith, Britain's world championship bronze medalist, topped it with 2.36m, a mark which also led the world rankings.

The crowd was loving it. Smith put on his track suit to keep warm, and the bar was moved up. But where was Hoen?

The announcer suddenly chimed in, without even the good grace to be embarrassed, to tell us that Hoen had had to leave, otherwise he would have missed the last flight to Oslo.

Now, could you imagine Napoli leaving the pitch at San Siro, with the game at 1-1, and 10 minutes to go, because they had heard that the infamous fog was rolling in on Milan's Liniate airport?

Or Steffi Graf, one set all, and six-all against Monica Seles, excusing herself because, say, her dad was suddenly released from jail?

Even those people who argue that sport is no more than entertainment nowadays would be inclined to arson if Pavarotti were to waddle offstage during *La Bohème*, because he had run out of breath before Mimì.

Athletics has enough problems without the paying public being insulted in this way. Attendances are down and sponsorship is falling in the UK, the commercial powerhouse of European athletics.

In the US, home of half the Olympic gold medalists in any given year, the federation is having to buy television time - with the Olympic Games in Atlanta in July - in an attempt to stave off wholesale indifference to the sport.

Now, with Hoen's cavalier attitude, those who consider that indoor athletics is merely a novelty, a time-filler, glorified training, in short, a pale imitation of the real thing, have another axe to grind.

Indoor athletics has always had an uneasy relationship with the outdoor "real" variety, at least in Europe. Maybe that was because middle and long distance running, best served in winter by cross-country, was long the god on the old continent; whereas cold winters and concentration on sprinting forced the North Americans indoors as long ago as last century.

Yet look what has happened there. Less than 30 years ago, there was an indoor meeting on each of five successive weekends in Madison Square Garden in New York; and more than 20 around the country. Today, there is only the Millrose Games in New York, and barely a dozen meetings across the country.

The athletes themselves can be fairly rapid about indoor competition, as a press conference in Atlanta two days

after this year's Millrose Games proved.

Gail Devers, Sandra Farmer-Patrick, Carl Lewis and Michael Johnson all concurred that it was preparation for outdoors. Jackie Joyner-Kersey and Dan O'Brien said, as multi-eventers, that it was an important gauge of "where I am at this stage of the year".

On the other hand, this may be a geographic aberration, for there are more indoor meetings than ever in Europe. And before the Hoen fiasco, there had been some strange stuff in Birmingham.

Maria Mutola of Mozambique, still coming to terms with the first disqualification of her career, in the world championships last summer, had slashed the 1,000m world record by almost three seconds; Moses Kiptanui had come close to his former world record in the 3,000m; and Turc Jarrett, one of those men

'There is no excuse for short-changing the public, either in the stadium or in front of the box'

seemingly destined to prop up the lower reaches of the rostrum, had one-upped Allan Johnson, the man who had beaten him to the world high hurdles title in Gothenburg last summer.

At another level, the irrepressible Sergei Bubka has set 18 world pole vault records indoors, compared with 17 outdoors. And his indoor world record is better. So there can be few arguments there. All people really want from sport is good competition.

If Hoen was so worried about his flight he should have asked for the event to be brought forward.

Perhaps he did. As it was, the high jump exceeded the allotted television time, and Smith's success (only topped, so far on the rankings lists, by world record holder, Javier Sotomayor's 2.37m the following day in Paris) was only seen in the arena.

But there is no excuse for short-changing the public, either in the stadium or in front of the box, in this fashion. The move to professionalism in athletics has been fraught with problems, not the least of them drug-inspired, which surely accounts for much of the public's lack of interest already.

There have been moves in Britain to revive interest in some sort of athletes' union. One of its priorities, which the authorities should also be addressing, is provision for dealing with the sort of abandonment without good cause.

Rugby / Huw Richards

Fortune may favour the Welsh

Bryan Redpath will be a key element in Scotland's fast, flexible style

The most surprising thing about Scotland's magnificent start to this year's European Five Nations rugby championship is that so many people have been surprised.

True, the retirement of Gavin Hastings, talismanic captain and full-back, along with Kenny Milne, the hooker, and poor performances against Western Samoa and Italy, suggested that the Scots might struggle. But only last summer Scotland were much the most impressive British team in the World Cup, the only one of the four beaten by New Zealand to give them a decent game.

Last season's Five Nations title dash was halted only by England at their most stifling. Teams can react two ways to the loss of great players. They can decline or others can respond to the greater responsibilities. Rob Wainwright, the new captain, Rowan Shepherd, the full-back, and Kevin McKenzie, the new hooker, have done exactly that. However, none has done better

than the half-back pairing of Gregor Townsend and Bryan Redpath.

If Wales is the ancestral home of British half-back play, the Scottish tradition is scarcely less brilliant. Like the Welsh, Scotland's halves mostly come from a single region - the Border towns doing for them what the industrial west does for Wales.

They also have a happy knack of emerging in pairs: Chisholm and Hastie, Rutherford and Laidlaw, Chalmers and Armstrong, Townsend, a 22-year-old now with Northampton after starting with Gala, and Redpath, the 24-year-old captain of Melrose, are out of the classic mould.

Townsend's mercurial brilliance this season, after missing the World Cup through injury, continues an upward path with few apparent limits.

An international tourist at 19, Townsend was capped at 20 and at 21 proved to be the catalyst for last year's Five Nations' most compelling moment as his dextrous, quick

pass sent Hastings careering to the line for the decisive try against Scotland at Paris.

But the real revelation of the partnership has been Redpath, deftly unobtrusive straightman to Townsend's wizardry. He is not only a key element in Scotland's fast, flexible style but the tournament's senior scrum-half.

Every other team has changed its number nine since the start of the season. Some have had their moments - notably Robert Howley with a dashing defiant try for Wales at Twickenham and Matt Dawson with a magnificent angled across-the-shoulder touchfinder, fashioned from England's misdirected line-out ball in Paris. Both Dawson and Howley are former hair-appears who have finally broken through.

Redpath was not expected to be Scotland's scrum-half of the late 1990s. That was going to be the dynamic Andy Nicol, now with Bath. But as injury restricted Nicol's progress, Redpath has seized his chance

with such conviction that after 17 caps his status among Europe's number nines matches his seniority, making him clear front-runner for a place on next year's British Lions tour of South Africa.

Gary Armstrong, still pressing for a recall from the bench, was the supreme exponent of scrum-half as fourth loose-forward. Redpath is of the school of Robert Jones and Dave Lovelace, an unobtrusive craftsman with quick hands, all-round footballing skills and a cool head.

His sharp eye for an opportunity was amply demonstrated in his creation of both Scottish tries in the victory over France. The first came from an artfully angled cross-kick, exposing threadbare French cover, the second a sharp exchange of passes with Townsend followed by a darting lateral run and impeccably timed long pass.

Those who wrote Scotland off now talk of a Grand Slam showdown, paralleling 1990 and 1995, with England next

month. But they still have to beat Wales today.

Favourites at last, Scotland may find that fortune continues to favour the underdog. Error-strewn and physically overwhelmed Wales may have been at Twickenham, but for the first time in years we saw a Welsh team playing without fear, putting its faith in imagination where too many of their recent predecessors settled for damage-limitation.

Scotland are unlikely to stifle Wales as physically as England did. This does not mean Scotland will not beat England - this season's teams seem to have the characteristics of the traditional children's game of scissors, paper, rock.

The Scots habitually struggle at Cardiff, with only four wins since the second world war, the last in 1990. They deserve better than to have their season spoilt. But if it does happen it should be done in style. In a meeting of the two sides which have shown a real sense of the possibilities of the game.



Bryan Redpath offloads the ball after a tackle from Frenchman Fabien Toulouse

No such confidence attaches to France v Ireland, a re-run of one of the World Cup's stinkers. Two games have shown how far France's present reality falls short of their free-flow-

ing image. But like England, they have the brute power to compensate for creative deficiencies.

Ireland loathe Paris - the last time they won there de

Valera was still president. And, the odds are that Mary McElroy, the country's president today, and her countrymen will find their 24-year wait extended.

مكتبات الصحف

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Maria João Pires: the pianist performs works by J.S. Bach, Chopin and R. Schumann; 8.15pm; Feb 18
● Pittsburgh Symphony Orchestra: with conductor Lorin Maazel perform Bartók's Concerto for Orchestra and Tchaikovsky's Symphony No.4; 8.15pm; Feb 20

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203092100/01
● Berliner Sinfonie-Orchester: with conductor Michael Schneider and pianist Yukio Yokoyama perform Beethoven's Piano Concerto No.5 and Symphony No.7, and the world premiere of a new work by André Weiler; 8pm; Feb 24, 25, 26
● Orchester der Deutschen Oper Berlin: with conductor Lawrence Foster perform works by Weber, Bernstein, Enescu and Herbert; 8pm; Feb 19, 20

● Rundfunk-Sinfonieorchester Berlin: with conductor Rafael Frühbeck de Burgos, also Cornelia Kallisch and the Rundfunkchor Berlin perform Beethoven's Piano Concerto No.3 and choral works by Brahms; 8pm; Feb 22, 23
● Philharmonie und Kammermusiksaal Tel: 49-30-254880
● Berliner Philharmonisches Orchester: with conductor Claudio Abbado perform Beethoven's Symphony No.1 and Bruckner's Symphony No.7; 8pm; Feb 22, 23, 24
● Berliner Philharmonisches Orchester: with conductor Simon Rattle and soprano Christine Schäfer and Christine Cairns perform Mahler's Symphony No.10 and excerpts from Berlioz's Béatrice at Bénédicte; 11am; Feb 18

● Jeremy Menuhin: the pianist, with violinist Mi-Kyung Lee, viola-player Barbara Westphal and cellist Alexander Baillie and Frank Dodge perform works by Beethoven, Britten and Arensky; 8pm; Feb 22

EXHIBITION
Alte Nationalgalerie Tel: 49-30-20355500
● Wilhelm von Bode und die zeitgenössische Kunst: an exhibition to commemorate the 150th anniversary of the birth of the former museum director and maecenas; to Feb 25

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Aida: by Verdi. Conducted by Fabio Luisi and performed by the Deutsche Oper Berlin. Soloists include Maria Sallany, Julia Varady, Simon Estes and Vladimir Bogachov; 7.30pm; Feb 21
● Carmen: by Bizet. Conducted by Shao-Chia Li and performed by the Komische Oper. Soloists include Schmiede, Wiedstruck, Wilson and Dobber; 7pm; Feb 18

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200

● Claes Oldenburg: an anthology: containing 200 drawings, collages and sculptures, the exhibition bears witness to the creativity of this artist, one of the leading figures of American art associated with the Pop Art movement. On display will be works from the cycles "The Street" and "The Store, Soft Objects" from the 1970s as well as models of his monumental sculptures; from Feb 23 to May 12

OPERA
Oper der Stadt Bonn Tel: 49-228-7281
● Fidelio: by Beethoven. Conducted by Marcello Panni and performed by the Oper der Stadt Bonn. Soloists include B. Daniels, A. Hoffmann, M. Volle and A. Steblanek; 7pm; Feb 24

BOSTON

CONCERT
Boston Symphony Hall Tel: 1-617-265-1492

● Die Jahreszeiten: by Haydn. Performed by the Boston Symphony Orchestra with conductor Mark Janyowski. Soloists include soprano Ruth Jessak, tenor Christopher Reger and bass Alexander Miles; 8pm; Feb 22, 23, 24, 27

EXHIBITION
Museum of Fine Arts Tel: 1-617-267-9300
● Winslow Homer: this exhibition features 180 paintings, watercolours and drawings which address every stage of the artist's career. Some themes represented in the retrospective include the Civil War, scenes of the 1870s and the Prout's Neck seascapes of the 1890s; from Feb 21 to May 26

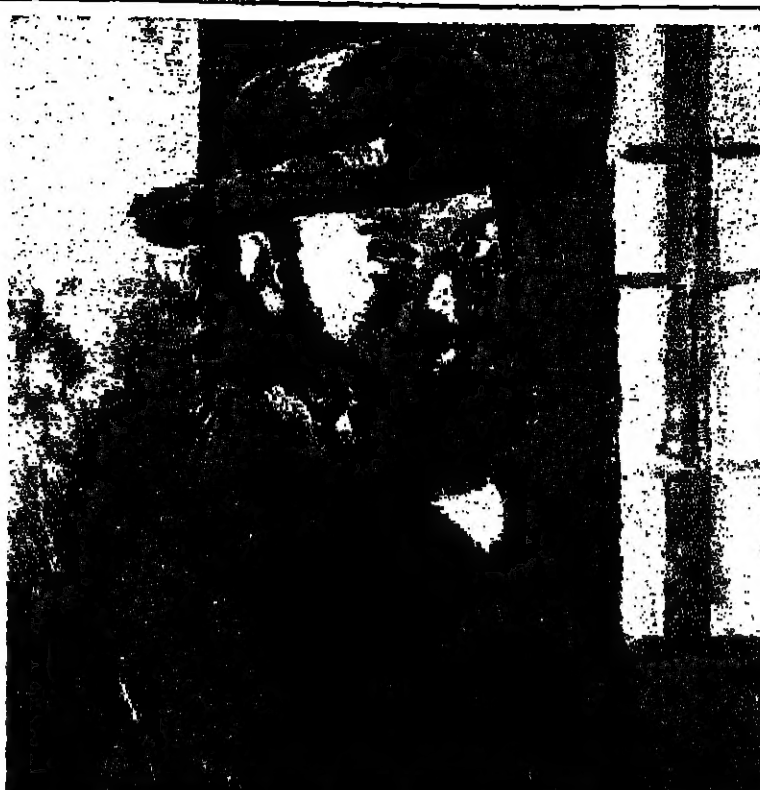
CAMBRIDGE (US)

EXHIBITION
Fogg Art Museum Tel: 1-617-495-9400

● Shades of Significance: Tonal Values in Abstract Art: this exhibition explores the multi-faceted nature of abstraction by focusing on works created with monochromatic palettes by such artists as Josef Albers, Jasper Johns, Franz Kline, Louise Nevelson, Gerhard Richter, Mark Rothko and Aaron Siskind; to Feb 25

CAPE TOWN

CONCERT
City Hall Tel: 27-21-4617084
● The Cape Town Symphony Orchestra: with conductor Jorge Maestro and harpist Mario Falcao perform works by Adams, Ginastera.



'Portrait of Cézanne' 1879-82: part of the new exhibition in London

Rajna and Stravinsky; 8pm; Feb 22

MUSICAL
Nico Theatre Complex Tel: 27-21-215470

● West Side Story: by Bernstein. Directed and choreographed by Alan Johnson, based on the original choreography by Jerome Robbins. Performed by the Cape Philharmonic Orchestra with conductor Graham Scott. Soloists include Robert Finlayson, Juanita Kruger, Joe Clark, Samantha Deo, Neville Thomas and Dale Cutts; Mon 8pm, Tue-Thur 7.30pm, Fri 6pm & 9pm, Sat 2pm & 7.30pm; to Feb 24 (Not Sun)

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820

● Andrés Schiff: the pianist performs works by Bartók and Haydn; 8pm; Feb 21
EXHIBITION
Wallraf-Richartz-Museum Tel: 49-221-2212372

● Vom Spiel der Farbe - Armand Guillaumin (1841-1927). Ein vergessener Impressionist: retrospective exhibition devoted to the work of the French Impressionist Armand Guillaumin, a close friend of Pissarro and Cézanne. The display includes more than 100 paintings, 50 drawings and his graphic works; from Feb 24 to May 5

JAZZ & BLUES
Kölner Philharmonie Tel: 49-221-2040820
● KölnMusik Big Band: with conductor Jerry van Rooyen and vocalists Madeline Ball and Humphrey Campbell perform jazz music; 8pm; Feb 23

COPENHAGEN

DANCE
Det Kongelige Teater Tel: 45-33 14 10 02

● Romeo and Juliet: a choreography by Frederick Ashton to music by Prokofiev, performed by the Royal Danish Ballet; 8pm; Feb 19, 22, 27, 28; Mar 1, 2, 3

EXHIBITION
Statens Museum for Kunst - Royal Museum of Fine Arts Tel: 45-33 91 21 26
● Rembrandt: exhibition of works on paper by the Dutch master. The display includes the museum's collection of drawings and etchings by Rembrandt, supplemented by loans from foreign collections; from Feb 24 to May 12

DENVER

EXHIBITION
Denver Art Museum Tel: 303-640-2793

● Mongolia: Legacy of Chinggis Khan: this exhibition features religious and secular art from Mongolia's national museums. The show offers a panoramic view of Mongolian art and culture from the 17th to the early 20th century; to Feb 25

DRESDEN

OPERA
Sächsische Staatsoper Dresden Tel: 49-351-49110

● Elektra: by R. Strauss. Conducted by Friedemann Layer and performed by the Sächsische Staatsoper Dresden. Soloists include Carla Pohl, Halga Thiede and Klaus König; 7.30pm; Feb 23, 28

DUBLIN

CONCERT
National Concert Hall - Geórgas Mátelaris Tel: 353-1-6711533

● National Symphony Orchestra: with conductor Kasper de Roo and organist Peter Sweeney perform Wilson's Rich Harbour and Bruckner's Symphony No.3; 8pm; Feb 23

ESSEN

EXHIBITION
Museum Folkwang Tel: 49-201-8845314

● Graphische Künste in Frankreich und Deutschland um die Jahrhundertwende: exhibition which accompanies the Valotton retrospective in the same museum. All works are from the museum's permanent collection and show the influence of the Nabis on German and French artists at the turn of the century; to Feb 25

FLORENCE

CONCERT
Teatro Comunale Tel: 39-55-211158
● Symphony No.5: by Mahler. Performed by the Orchestra dei

Maggio Musicale Fiorentino with conductor Georges Prêtre; 9pm; Feb 23, 24, 25 (3.30pm)

GENOA

OPERA
Teatro Carlo Felice Tel: 39-10-589325

● Turandot: by Puccini. Conducted by György Györfi-Rath and performed by the Teatro Carlo Felice. Soloists include Alessandra Marc, Keith Olsen and Alida Farnini; 8.30pm; Feb 20, 22, 24 (4pm), 25 (3.30pm), 27, 29; Mar 1

HAMBURG

OPERA
Hamburgische Staatsoper Tel: 49-40-351721

● Tannhäuser: by Wagner. Conducted by Gerd Albrecht and performed by the Hamburg Oper. Soloists include Harald Stamm, Günter Neumann, Andreas Schmidt and Peter Galliard; 4pm; Feb 18, 25

HANOVER

EXHIBITION
Sprangel Museum Tel: 49-511-1683875

● Marcel Broodthaers: exhibition of graphic work and illustrated books by this Belgian artist (1924-1976), who has at different times been associated with Neo-Dada and Surrealism art, as well as Pop, Installation and Conceptual art; from Feb 20 to May 5

INDIANAPOLIS

CONCERT
Warren Performing Arts Center Tel: 1-317-986-8061

● Indianapolis Symphony Orchestra: with conductor Stanislaw Skrowaczewski and violinist Leonard Kavakos perform Bruckner's Overture in G minor, Bruch's Violin Concerto No.2, and Dvořák's Symphony No.9 (From the New World); 8pm; Feb 23, 24

LAUSANNE

CONCERT
Salle du Métropole Tel: 41-21-3122707

● Orchestre de Chambre de Lausanne: with conductor Jesus Lopez Cobos and pianist Alicia de Larocha perform Beethoven's Piano Concerto No.2 and Symphony No.1; 8.30pm; Feb 19, 20 (8pm)

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131

● Orquestra Gulbenkian: with conductor Frans Brüggen, pianist Andreas Haefliger and violinist Max Rabinovich perform works by Beethoven; 9.30pm; Feb 22, 23 (8.30pm)

LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891

● London Symphony Orchestra: with conductor Colin Davis and violinist Anne-Sophie Mutter perform the overture to Mozart's La clemenza di Tito and his Violin Concerto No.5, and Bruckner's Symphony No.4; 7.30pm; Feb 21

● St. John's, Smith Square Tel: 44-171-2221051
● Felicity Lott: accompanied by pianist Roger Vignoles. The soprano performs songs by Britten and Poulenc; 1pm; Feb 19

EXHIBITION
Tate Gallery Tel: 44-171-8878000

● Cézanne: the unmissable retrospective exhibition has transferred from Paris to London. Comprising 90 of his greatest paintings and 70 watercolours and drawings, the exhibition provides a comprehensive survey of the artist's work; to April 28

● National Gallery Tel: 44-171-7472885
● Masterpieces from the Doria Pamphilj Gallery, Rome: the Portrait of Pope Innocent X by Velázquez is among 12 masterpieces from the Doria Pamphilj Gallery exhibited at the National Gallery. Founded in 1650 by Pope Innocent X Pamphilj, this private collection includes works by Titian, Raphael, Caravaggio, Merello and Pieter Bruegel, as well as paintings and sculptures commissioned in the 17th century from Velázquez, Claude and Bernini; from Feb 22 to May 19

OPERA
London Coliseum Tel: 44-171-8360111

● Tosca: by Puccini. Conducted by Alex Ingram and performed by the English National Opera. Soloists include Janice Cairns, David Rendall and Philip Joll; 7.30pm; Feb 23
Royal Opera House - Covent Garden Tel: 44-171-2129234

● Aida: by Verdi. Conducted by Jan Latham-Koenig and performed by the Royal Opera. Soloists include Andrea Gruber, Markella Hatzianou, Sidonie Winter and Sidwell Hartman; 7.30pm; Feb 21, 24

MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100

● Orquesta Nacional de España: with conductor Wojciech Michniewski, violinist Domingo Tomás and clarinetist J. Tonda perform works by Arensky and Prokofiev; 7.30pm; Feb 23, 24, 25 (11.30am)

MARSEILLE

OPERA
Opéra de Marseille Tel: 33-91 55 00 70

● Radamisto: by Handel. Conducted by Stuart Bedford and performed by the Opéra de Marseille. Soloists include Stutzmann, Perraguin, Pearce and Ferreri; 8.30pm; Feb 25 (2.30pm), 27, 29; Mar 2

MILAN

CONCERT
Teatro alla Scala di Milano Tel: 39-2-72003744

● Maurizio Pollini: the pianist performs sonatas by Beethoven; 8pm; Feb 18

MUNICH

CONCERT
Philharmonie im Gasteig Tel: 49-89-48098506

● Münchner Rundfunkorchester: with conductor Bruno Weil, soprano Angela Maria Blass, tenor Dean van der Walt and baritone Anton Scherfner perform works by Kálmán; 8pm; Feb 18

● Symphonieorchester des Bayerischen Rundfunks: with conductor Sergey Sychkov and cellist Michela Malsky perform Haydn's Cello Concerto No.1 and Bruckner's Symphony No.9; 8.05pm; Feb 23, 24

OPERA
Nationaltheater Tel: 49-89-21851920

● La Traviata: by Verdi. Conducted by Jun Märkl and performed by the Bayerische Staatsoper. Soloists include Tiziana Fabbricini, Anna Salvan, Ramon Vargas and Paolo Gavanelli; 7pm; Feb 21

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-697-5080

● Symphony No.6: by Mahler. Performed by the New York Philharmonic with conductor Daniele Gatti; 8pm; Feb 22, 23, 24, 27 (7.30pm)
Garnegie Hall Tel: 1-212-247-7800

● Koninklijk Concertgebouworkest: with conductor Riccardo Chailly and violinist Maxim Vengerov perform works by Wagenaar, Sibelius and Tchaikovsky; 8pm; Feb 23

OPERA
Metropolitan Opera House Tel: 1-212-692-6000

● Madame Butterfly: by Puccini. Conducted by Julius Rudel and performed by the Metropolitan Opera. Soloists include Maria Spasagna, Yun Derg, Franco Farina (Feb 20), Richard Leach (Mar 1) and Thomas Allen; 8pm; Feb 20; Mar 1

OSLO

EXHIBITION
Kunsthedstrimuseet i Oslo - Museum of Applied Arts Tel: 47-22-303578

● Royal Glass: the exhibition presents an overview of the glass used at the Danish court. The exhibition covers the period from 1650 until today with emphasis on the engraved Baroque goblets produced at Nøstetangen Glassworks in Norway for the Danish court; from Feb 24 to May 5

PARIS

CONCERT
Salle Gaveau Tel: 33-1-49 53 05 07

● Aniko Szegedi: the pianist performs works by Chopin; 8.30pm; Feb 23
● Vadim Repin and Boris Berezovsky: the violinist and pianist perform sonatas by Hindemith, Brahms, Grieg and Prokofiev; 8.30pm; Feb 21

Salle Pleyel Tel: 33-1 45 61 53 00
● Pittsburgh Symphony Orchestra: with conductor Lorin Maazel perform Bartók's Concerto for Orchestra and Beethoven's Symphony No.3 (Eroica); 8.30pm; Feb 19

DANCE
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99

● Ballet de l'Opéra National de Paris: perform three choreographies by George Balanchine to music by Tchaikovsky: Sérénade, Pas de deux, and Allegro Brillante. Alexander Anisimov conducts the Orchestra de l'Opéra National de Paris; 7.30pm; Feb 19, 22, 24, 26

EXHIBITION
Musée du Petit Palais Tel: 33-1 42 65 12 73

● L'Ombre du Vésuve: exhibition of some 80 works from the collection of the National Archaeological Museum in Naples. The exhibition is centred on three themes: the museum's historical collections, the cities Pompeii, Herculaneum and Stabies that were wiped out by the eruption of the Vesuvius in 79AD, and the south of Italy between the 6th century BC and the 2nd century AD; to Feb 25

OPERA
Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50

● The Gambler: by Prokofiev. Conducted by Valery Gergiev and performed by the orchestra, choir and ballet of the Kirov Opera. Soloists include Mikhail Kit, Olga Korjenkaia, Olga Markova-Mikhailenko and Yuri Marousine; 7.30pm; Feb 19, 20, 21

QUEBEC CITY

CONCERT
Le Grand Théâtre de Québec Tel: 1-418-644-8821

● Orchestre Symphonique de Québec: with conductor Pascal Verrot and violinist Raphael Oleg perform works by Sibelius and Tchaikovsky; 8pm; Feb 20, 21

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064

● Orchestra dell'Accademia di Santa Cecilia: with conductor Sir Neville Marriner and violinist Lela Josefowicz perform works by Rossini, Tchaikovsky and Elgar; 5.30pm; Feb 18, 19 (9pm), 20 (7.30pm)

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000

● San Francisco Symphony: with conductor Alasdair Neale, violinist Nadia Salerno-Sonnenberg and pianist Louis Lortie perform works by Bartók, De Falla and Rimsky-Korsakov; 8pm; Feb 21, 22, 23, 24

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300

● La Nozze di Figaro: by Mozart. Conducted by Markus Lehtinen and performed by the Royal Opera Stockholm. Soloists include Gunnar Lundberg, Lena Hoel and Rolf Cederlöf; 7pm; Feb 19

THE HAGUE

CONCERT
Dr Anton Philipszaal Tel: 1-20-675-5080

● Residentie Orkest: with conductor Evgeny Svetlanov perform Diepenbrock's Marjans Suite and Shostakovich's Symphony No.5; 8.15pm; Feb 23, 24

EXHIBITION
Haags Gemeentemuseum Tel: 31-70-3381111

● Constant - Aquarellen 1975-1995: the first retrospective of the Cobra-artist's watercolours, which coincides with a painting retrospective in the Stedelijk Museum, Amsterdam. Most of the 85 watercolours in the exhibition come from private collections; to Feb 25

TURIN

OPERA
Teatro Regio Tel: 39-11-88151

● La Bohème: by Puccini. Conducted by Daniel Oren and performed by the Teatro Regio. Soloists include Giuseppe Sabbatini and Mirella Freni; 8pm; Feb 18

VIENNA

CONCERT
Konserthaus Tel: 43-1-7121211

● Dawn Upshaw: accompanied by pianist Marco Garratt. The soprano performs songs by Fauré, Ruth Crawford Seeger, Berg, Barber and Mussorgsky; 7.30pm; Feb 23

● Mitsuko Uchida: the pianist performs sonatas by Schubert; 7.30pm; Feb 23
Musikverein Tel: 43-1-5058681

● Kathleen Battle: accompanied by pianist Cliff Jackson. The soprano performs songs by Wolf, Liszt, Handel, R. Strauss and Granados; 7.30pm; Feb 19

OPERA
Wiener Volksoper Tel: 43-1-51442960

● Zar und Zimmerman: by Lortzing. Conducted by Asher Fisch and performed by the Wiener Volksoper. Soloists include Birgit Steinberger, Boje Skovhus, Herwig Pecoraro (Feb 23, 27), Peter Jelencsics (Mar 2) and Walter Fink; 7pm; Feb 23, 27; Mar 2

WARSAW

DANCE
Teatr Wielki/Opera Narodowa - Grand Theatre/National Opera Tel: 48-22-263288

● Polish National Ballet: perform a choreography by Christoph Pastor to Gorecki's Symphony No.3. Soloists include Ewa Slawacka and Elizabeth Kwiatkowska; 8pm; Feb 18; Mar 1 (7pm)

WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600

● National Symphony Orchestra: with conductor Eri Klas and violinist Thomas Zetzmair perform works by Liadov, Prokofiev, Dvořák and Tchaikovsky; 8.30pm; Feb 22, 23, 24, 27 (7pm)

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434

● Tonhalle-Orchester: with conductor David Zinman and pianist Hélène Grimaud perform works by Wagner, R. Schumann and Brahms; 7pm; Feb 21

OPERA
Opernhaus Zürich Tel: 41-1-268 6566

● Fidelio: by Beethoven. Conducted by Nikolaus Harnoncourt and performed by the Oper Zürich. Soloists include Inga Nielsen and Alfred Muff; 7.30pm; Feb 21

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CHESS

Machines are back on the march.

Last weekend IBM Deep Blue, the world's most powerful chess computer, crushed Garry Kasparov in 37 moves in the opening round of a six-game series in Philadelphia for a \$500,000 prize fund. Kasparov has already lost to computers at blitz (five minutes per player per game) and rapid (25 minutes) chess, but grandmasters believed that the more strategic pace of slower classical chess was better for humans.

Now another cherished illusion has bitten the dust. They are playing at the classical rate of 40 moves in two hours, but last night the score was 2-2, with Kasparov's unbeaten match record in danger (IBM Deep Blue, White; G Kasparov, Black; Sicilian).

1 e4 e5 2 c3 A shrewd choice by Deep Blue or its programmers. Kasparov has little experience against the pawn push. d5 3 exd5 Qxd4 4 d4 Nf6 5 Nf3 Bg4 6 Be2 e6 7 h3 Bb5 8 0-0 Nf6 9 Be3 cxd4 10 cxd4 Bb7: Be1 is the solid play.

11 a3 Bb5 12 Ne3 Qd6 13 Nb5 Qe7 14 Nf3 Bx2 15 Qx2 0-0 16 Rac1 Rac8 Nxe6 17 dxe6 Ne8 falls to 18 Bc5.

17 Bg5! Bb6 18 Bxf6 Weakening the BK's defences, for if



James Morgan

The last word and the dernier cri

The French and the English are following different agendas with their native tongues

It is inevitable that the French should launch another campaign to save their language while the British seek, as we saw last week, the abandonment of any concept of good English. Again one marvels at the irreconcilability of attitudes on the two sides of the Channel.

Le Figaro has mounted a campaign to save what it calls a "masterpiece in peril". A multi-page spread began with "The 10 threats which weigh on the French language". It lavishly illustrated the sources of the danger: a bar announcing its "Happy Hours"; a

hairstylist offering "Tresses, curly, wave, shampoo, brushing"; the new Renault called Next. The paper thought it "incomprehensible" that such borrowings were not given French spellings. It proposed *l'heure* (leader) *jobe* (job) and *ouquinde* (weekend).

And many French words are taking on alien meanings: *confortable* and *ruiner* have been lost to Anglo-American. The cyberworld, entertainment and bad teaching wreak more damage while the weakness of the "cultural class" removes linguistic defences.

But one dissident writer, Raphaël Confiant told *Le Figaro*: "The

French language is threatened less by English than by the linguistic Jacobinism that has punished France for three centuries. We have to blame the decline on all those who struggled to 'degasconise' the language - a policy reaffirmed and legitimised by the Revolution." And that stemmed from the attempt to abolish what Confiant called "the roots of French".

This view is Anglo-Saxon. The French language was deliberately restructured and ancient patois eliminated to reinforce national cohesion. The British have gone the other way and today make a fetish of variety. So they provide the only

national broadcasting networks that routinely permit regional dialects joint access with what might be regarded as the standard form.

The dominant view was encapsulated last weekend in a radio discussion of the current lectures defending English indisciplin. The writer Germaine Greer exulted before a radio audience in the "vigour, power, suppleness" of English, stressing her delight that her first and last words on this earth would be uttered in this marvellous tongue. A monoglot audience applauded frantically.

We learn much from last words. There is the famous story of George

V, who was told on his deathbed that he should take a rest in Bognor, a Sussex resort. "Bogger Bognor," he is said to have replied, and promptly expired. I have wrestled to find a French equivalent and the best I can do is *Que Bognor aille se faire foutre* which lacks the force of the English. But then power and vigour is not what French is about. Clarity, as the essayist Antoine de Rivarol remarked 200 years ago, is what matters: "If it's not clear it's not French."

French is so clear that it goes to fantastic lengths to remove any chance of ambiguity. For example: *Qu'est-ce que c'est que ce chien*

Once you have staggered through six pronouns, two verbs and a noun it is no surprise that you find a precise version of what in English is so loosely rendered as "What's that dog?"

Everyone thinks his language is best. I have been told, when trying to translate a bit of Dutch, that English is incapable of reproducing the subtlety of meaning involved. A secret policeman at a Romanian Communist party conference told me that English could in no way match the richness of his tongue. (It has a famous sonnet which begins, "Most sweet and beautiful is the language we speak.")

Each language does what its speakers want it to. The English believe theirs can do anything. Actually it is very bad at some things. It permits Bill Clinton to open a speech with the words "My fellow Americans", but there is no equivalent for John Major. (My fellow Britons? My fellow Englishmen?) In fact English is very embarrassed about being English. British intellectuals are delighted when its rules are broken while the French go mad at the first sign of flexibility. *L'entente cordiale, c'est une happy-hour ruine.*

James Morgan is economics correspondent of the BBC World Service.

With his big hands, bulky figure and open countenance, he looks like an Irish farmer. The impression is reinforced by a soft voice and a manner benign to the point of diffidence.

Even the Domesday message about extinction of species that he is propagating these days sounds strangely lacking in urgency.

Can this be the bullying, arrogant Richard Leakey described by old Kenya hands? Is this the pushy palaeontologist, the ruthless hunter of elephant-poachers, the political activist denounced by Kenya's president and beaten up though both his legs are amputated below the knee - by unknown hitmen?

It is, and it isn't.

It is often reported that the young Richard Leakey - despite leaving school at 15 without scientific qualifications - beat his own father, Louis, to the post of director of the national museums of Kenya. Not so, says Leakey junior. His father had retired as director and was on the board of trustees, recommended his son, and only disapproved of some of his subsequent innovations.

He admits he felt the competitive pressure of growing up with a famous father. Following him into palaeontology, he put together a team of excavators at Lake Turkana which built on his father's success in uncovering the bones of early hominids.

"It wasn't a question of trying to outdo him or outshine him," he said.

Then there is the longstanding rift with his look-alike brother, Philip. Philip was formerly an MP for Kenya's ruling KANU party and briefly foreign minister. Richard, a co-founder of the unrecognised opposition Safina party (it means "boat", or "ark") is trying to stitch together an alliance to challenge the corruption he sees permeating President Daniel arap Moi's administration.

When I asked what the grudge was between the brothers, he replied: "I feel a tremendous debt of gratitude. I wouldn't be sitting talking to you if it hadn't been for him, and how could one have a grudge on that basis?"

When Richard suffered from progressive kidney failure, due to a fault in the auto-immune system, Philip gave him one of his own in 1979. It keeps him alive. "I've made a promise," he said. "Philip gave me a kidney and I will not comment about his comments. And I think I should stick to that."

If Leakey has - or had - the knack of rubbing people up the wrong way, that is nothing compared with the fury he seems to have inspired in President arap Moi.

In 1989 arap Moi appointed him head of the Kenya Wildlife Service, which Leakey regarded as one of the most



Richard Leakey: 'I have absolutely no sensitivity about what happens several generations from here'

Private View / Christian Tyler

The taming of an African bull

corrupt government departments in the country.

You went to work for arap Moi, I said. Why, if you thought the regime was so riddled with corruption?

"At that stage I felt one might best help by working within the system," Experience, he said, taught him otherwise. And when - according to his version - arap Moi refused to back him against powerful colleagues, he resigned and set up his own political party.

He claims the president's attacks on his reputation came as a surprise - and provided useful publicity. "My conscience is entirely clear. I certainly haven't sought personally to pull his tail. It's not him that concerns me. It's the country, the government - or the lack of it."

Do you want to be president of Kenya?

"Certainly not. I will not be president of Kenya."

When I asked Leakey what has driven him through his several, colourful careers, he said: "I wish I knew."

Is it impatience? "It may have been, once. I'm not sure it is any more. I'm a very patient man now."

Why is that?

"I think I've had enough time to think things through.

Sitting in bed waiting for your feet to be cut off gives you a lot of reflective time."

In 1993 the Cessna aircraft he was piloting suddenly lost power and crashed, ruining his legs. After much investigation he has decided to regard the crash as an accident.

He gave me a rundown of the mechanical possibilities and concluded: "In the absence of any factual evidence, it's just easier to treat it as an accident and not keep worrying that someone is trying to kill you."

So you're a different person now?

"I think I must be," he said. "But whether it's a consequence of conscious effort or a consequence of middle age (he is 51), I'm not sure. It might be due to my larger girth."

A trauma such as the one you suffered could have something to do with it?

"I could have."

More than you realise?

"Well, people have suggested it was. I wouldn't go so far as to agree with that."

You were very gung-ho about the whole episode, I said, judging from the accounts I've read.

"It seems to me in a situation like that you have two choices: either to get on and live openly, or to take it within yourself and feel sorry for

yourself. And that's not my nature."

Leakey is achieving something close to hero status these days. Brought to London this week to lecture on the theme of his new book, he was applauded by a 1,000-strong audience as if he were a returning war hero. His rating

'Fear is not part of my make-up. I was not frightened by the kidney disease or the amputations'

improved even further when he elegantly discounted an effusive introduction by the Oxford biologist and current media darling, Richard ("Selfish Gene") Dawkins, with the comment that he had just witnessed an example of famous British understatement.

Have you become more modest, too?

"I probably tend not to say many of the things which gave me the reputation of being

immodest."

Were you unfairly described as arrogant before?

"Well, enough people said it so there has to have been a basis for it. I never thought of myself as an arrogant person, but many of my friends and less friendly associates made it clear they thought I was. And they can't all be wrong."

"I've never spent a great deal of time trying to find myself. I suppose I was raised with the philosophy that it's better to be honest even if it hurts than to be duplicitous to save people's feelings."

"In being honest, not tempered by diplomacy, I may have gained a reputation for being ruthless and arrogant. It doesn't particularly concern me what people think. Doing things the way I have, I've achieved what I have."

"People say I was not a team person. I was a general. But if you're trying to stop elephant poaching and control 2,000 men in uniform with guns you have to be a general."

Leakey says he has had a fulfilled and happy life. "I've always done what I wanted to do."

Have you been frightened?

"No. Fear's not a part of my make-up. I was not frightened by the kidney disease or by the amputations."

Are you afraid for your safety in Kenya?

"No. If I was I wouldn't do what I'm doing." The harassment doesn't keep you awake at night?

"Not at all. I sleep very well."

You must be missing a gene for self-preservation, I said.

He laughed. "I'm sure we are all missing something."

Is it self-confidence that protects you?

"Fatalism, maybe. That's the explanation I'm often given."

It sounded like the clue to an apparently thick-skinned character. It was also the cue for the indecent question.

How is your health now?

"A hundred per cent now. There is a theory that I'm very ill and that's why I'm doing these suicidal things." He laughed. "But I'm extremely well." He explained that the longer a person lives with a sibling graft, the longer they are likely to live.

So you're not preparing to die?

Does mankind as a species deserve his place?

"I don't think it arises. We're here."

Does it matter if man gets wiped out?

Leakey laughed. "If I'm around it does."

And if you're not?

"I think in the large scheme of things, probably not. It doesn't matter if there's a Planet Earth."

"The Sixth Extinction, by Richard Leakey and Roger Lewin. See review, Page XIII."

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Peter Aspdon

The limits of slipperiness

It was one of those invigorating coincidences which can say more than the most carefully conceived script. It was possible, in a few seconds on Monday night, to zap straight from John Major's address to the nation on the Northern Ireland crisis to Edward Heath's 1974 broadcast to the people on the miners' strike, a poignant backdrop to Peter Flannery's excellent BBC drama series *Our Friends in the North*.

There were similarities: both adopted the stiff, formal air required when discussing matters of the highest importance. Gravitas oozed from the screen. No surprises there. But there were also differences: Heath, before a strangely lurid orange background, looked disturbed, unconvincing. He was reaching for a soothing tone of statesmanlike calm, but struck instead a dissonant note of tetchy pomposity.

Major, on the other hand, is a politician at his best when picking out a balmy melody amid the storm all

around. He had his own lurid Orange background to deal with, but he handled it deftly, with no aggression or self-righteousness.

Analysts inevitably focused on what was said, what was almost said, what wasn't said; on nuance, on semantics, on the precise meaning of certain words. And here we have one of the greatest problems facing any modern, free democracy: in an age which thrives on spin, slogan and soundbite, how can you give out the subtle signals required to solve problems of treacherous complexity?

Put it another way: Major had a moral duty to say on Monday night that he would not sit at the same table as people who use bombs to make their point. And we would all surely support him. But at the same time, do we not want the tentative contacts made over the last 18 months to continue at some informal, even clandestine level, so that the peace process can go on?

The truth is, we want it all ways at once: we want to condemn, to give vent to our outrage, to set the firmest of conditions; but we also want someone

to conduct the messy business of getting sworn enemies together round a table. It is just that we would rather not know about it.

The peace talks so violently suspended last week were said to have been initiated by an MI6 officer operating on his own initiative. It took imagination, flexibility and no little courage: all qualities we look for in our political leaders. But they cannot deliver. They are hamstringed by their need to adopt inflexible moral positions, trapped by the rhetorical flourishes demanded by their electorate.

Deep down, however, we want them to say one thing and mean another. We want them to be hypocrites.

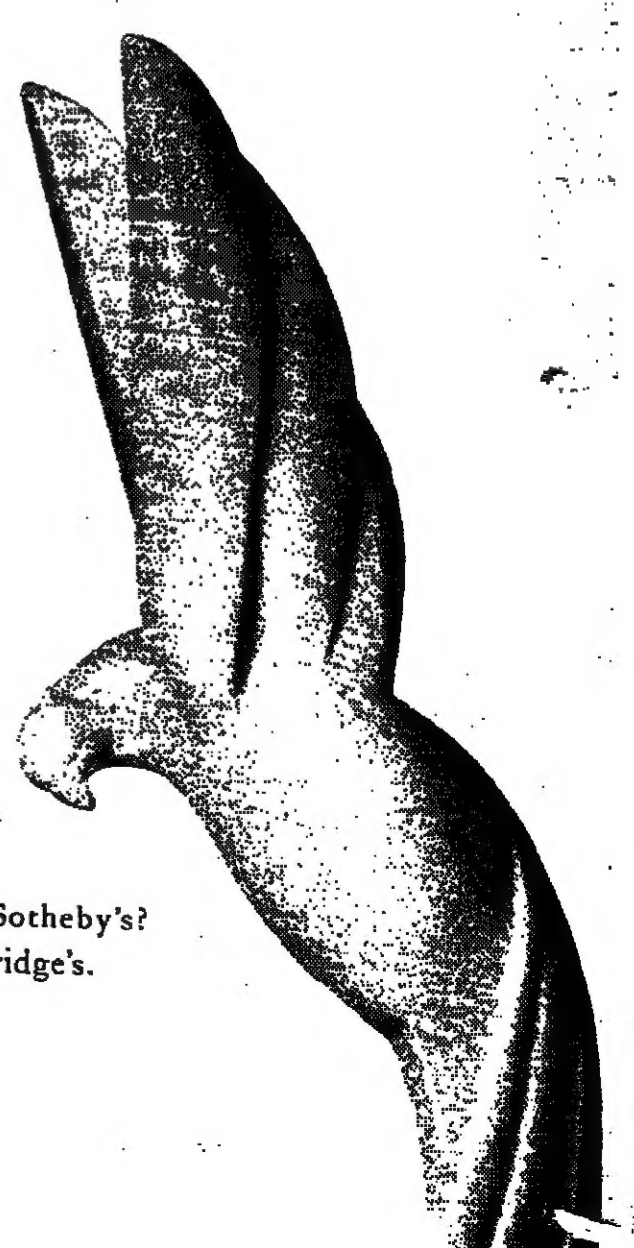
In a political culture which respects transparency above most virtues, this is something of a stumbling block. We have to forsake temporarily our right to know, in the hope that our leaders will cut corners, smooth some edges and achieve the desirable result. Then we can say well done and not ask too many questions. We can applaud firmness of stance and integrity of purpose while all the time admiring the sin-

uousness required to get to the end-game.

There is something of this thinking in the arguments of those who seek to defend the miscreants emerging from the arms-to-Iraq affair. Here, the ideals of refusing to sell arms to potentially hostile countries are hung out to dry while the reality of "British jobs" is put on a dubious pedestal.

But there is an important difference: if this type of ends-justify-the-means argument is to convince, that end has to be a self-evident, incontrovertible good. There are not many of those, but trying to bring peace to a province such as Northern Ireland is one of them.

British jobs, however, do not belong to this category. There are plenty of convincing moral arguments which say that the manufacture and sale of arms is wrong, in any and every case. So if a country must indulge, it is important that all its dealings are open and frank. To deceive the people in this case is, in many eyes, to compound a felony. We may secretly like our politicians slippery, but there are limits.



The V&A? Sotheby's?
No, Claridge's.

مكتبة المتحف

Weekend Investor

Wall Street

The Buffett guide to doing the splits

Maggie Urry explains why the legendary US investor felt he had to change tack

If you own a Berkshire Hathaway share, you can stop reading now. Just go back to your pina colada by the pool and turn to the How to Spend It page. If not, you could soon have the chance to invest in a stock market phenomenon.

Warren Buffett, the legendary chairman of this holding and investment company, has firm views on what sort of shareholders he wants. When he buys into a company, he thinks of himself as a partner in a business, not a speculator. And he expects his shareholders to behave the same way.

His ideal is shareholders who are well-informed about the business, have realistic expectations of where the share price is going, and intend to stick with the stock for a long time. But his problem is that expectations have been lifted by the performance of his own shares over the past 30 years.

Buffett first bought stock in the then-ailing textiles group in 1963, when the share price was \$8. He took control in 1965, buying at an average price of \$15. He does not pay dividends - profits are reinvested in the business. Nor does he believe in splitting the stock to reduce the share price.

All the available return from the investment has been concentrated in the share price. So, over the years, that \$15 share price has risen to a staggering \$33,000-plus.

The shares trade in lots of 10, so the minimum needed to invest in the company is over \$330,000. Ordinary mortals who did not buy Berkshire shares a long time back have been unable to climb aboard the Buffett bandwagon.

Markets have a tendency to find a way round these problems. Some investment groups hit on the idea of buying Berkshire shares, putting them into a trust, and then selling units at a price that less well-off investors could afford. One such trust opened for business last month and another was in the planning stages.

That forced Buffett to act at last. He did not want these trusts to thrive. They would, after all, be profiting from the Buffett brand by charging all sorts of fees and commissions to investors. Moreover, the shareholders-by-remove would not be entitled to those other little perks of being a Berkshire investor: the right to receive the annual report, with Buffett's lengthy and fascinating

Buffett hath a way with him



ing discourses on the theory and practice of investment; and the chance to attend the annual jamboree in Nebraska.

So, this week, a reluctant Buffett proposed a "do-it-yourself" stock split. If shareholders approve the plan, they will be able to convert each of their existing shares into 30 new "B" shares. In order to get a listing for the new shares, Berkshire will make a \$100m public offering of them - something else that Berkshire has never done since he became the chairman.

Buffett will do nothing to promote these shares. He said this week that "management does not believe the company's stock is undervalued". (The share price stands at more than twice the last recorded value of shareholders' equity.) Nor will he convert his own shares into the new class. But if the "B" shares trade at 1/30th of the price of the existing shares, and investors can still deal in a minimum of 10, then it will take a mere \$11,000 or so to be a Berkshire shareholder.

It is worth contrasting Berkshire's record with that of one of Buffett's favourite stocks, Coca-Cola. He is fond of using the Coke example to illustrate the power of long-term investing. Anyone who bought a \$40 share when Coke went public in 1919, and who reinvested the dividends, would now have an investment worth over \$4m. And, probably, a hefty tax liability, too.

Over the years, though, Coke has split the shares nine times. The one original \$40 share has turned into 2,304 shares, worth \$185,000. If Berkshire's price is unwieldy, think what Coke's would be without the splits.

Stock splits are often taken

to mean that a company is endorsing its high share price and, usually, they result in a share price rise, even though they should be purely cosmetic. Rick Escherich, an expert on the subject at J.P. Morgan, reckons that a share price gains 3 to 4 per cent on average after a split. Berkshire's shares rose more than that this week, gaining around \$2,000 each.

But while Berkshire's share price is ludicrously high, there is an acceptance of large share prices in the US which is at odds with that in the UK. It could reflect different attitudes, like the glass which is half full or half empty depending on the mood of the beholder. The average price of the Dow Jones Industrial Average's 30 shares is around \$63. The average of the FTSE 100 shares is a mere \$50p. If a stock in the US falls below \$10, it is usually because the company is in trouble, and brokers are wary of recommending investors to buy them.

A majority of shares in the US is priced between \$20 and \$50. Above that range, companies start thinking about splitting their stock.

The bull market has increased the number of splits taking place. The trick, naturally, is to pick those \$15 or \$40 shares which will become the Berkshires and Cokes of the future. And it takes a Buffett to do that.

	Monday	Tuesday	Wednesday	Thursday	Friday
5600.15	+58.63				
5601.23	+1.08				
5579.55	-21.65				
5551.37	-28.18				

London

All aboard the roller-coaster

Philip Coggan watches a week of ups and downs

Welcome to Optimists' World, the new theme park being built in the heart of the City to provide entertainment for the mass of investors.

Forget those worries about corporate earnings. Enjoy a hectic ride on our Takeover Express, taking you swiftly up the soaring slopes of managers' promises until you reach the Bid Document Pantomime ("Oh yes, you did" - "Oh no, we didn't"). Marvel at the Hall of Economic Mirrors where one minute the economy looks healthy, the next anorexic, and everything gets distorted.

If Time Warner and MAI are looking for ideas for their new theme park in Hillingdon, they need look no further than this week's stock market performance.

Having sunk 1.7 per cent during the previous week, the FTSE 100 index managed to recover and on Friday morning recorded a new intra-day all-time high of 3,781.6. The

second tier Mid-250 index managed to chalk up some new closing highs, finally beating its February 1994 peak.

While London had seemed previously to lag behind Wall Street, this week it managed to display strength despite two days of 20-point-plus falls in the Dow Jones Industrial Average. It was a case of third time unlucky yesterday, however, as sharp early falls in the Dow sent Footsie into retreat.

World stock markets generally have been buoyant in 1996. Interest rates are falling around the world and increasing the attraction of shares in relation to cash. In these circumstances, it is hard for stock markets to fall, although it is easy for them to get carried too far in their enthusiasm.

The wave of liquidity is also manifesting itself - in the UK, in particular - in the corporate sector's willingness to look for bid targets. While not a fully-fledged bid, Thursday's dawn raid by Granada on Yorkshire-Tees Television prompted

a flurry of speculative enthusiasm in the media sector, which was enlivened last week by the MAI/United News & Media merger.

Then there was the matter of Bencokil, the environmental services group, which announced first that it was seeking a manager with BET, which provides business services, and then that it was making a hostile bid. BET's share price rocketed; its 23 per cent rise on Thursday made it the best performer in the FTSE Mid-250 index on the day.

Finally, UniChem continued the takeover battle for Lloyds Chemists with an offer that topped a rival bid from the German group Gehe.

On top of the takeover excitement, there were three bits of good inflation news. On Monday, figures showed that factory gate prices were static between December and January, the first month without an increase for almost two years. The annual rise in manufac-



The market offers ideas to MAI and Time Warner

ers' costs - input prices, in the jargon - has slowed to 4 per cent now from 12 per cent early in 1995.

Then, on Wednesday, the Bank of England's quarterly inflation report said it was "a little more likely than not that inflation will be somewhat below 2.5 per cent in two years' time". The Bank also admitted that the last two quarter-point cuts in base rates had been justified. Mervyn King, the Bank's chief economist, made a point of saying the report was not a "green light" for further cuts but it would be a surprise if chancellor Kenneth Clarke did not seek another quarter-point reduction next month.

Then came Thursday's retail price figures showing the headline rate falling to 2.9 per cent in January from 3.2 per cent in December, and the underlying rate (which excludes mortgage interest) dropping to 2.8 per cent. Adam Cole, UK economist at James Capel, says: "With goods' price-inflation peaking and services inflation all but non-existent, the prospects for inflation through the course of this year and next are excellent."

Further cheer for most individuals and the government came with a 29,300 fall in unemployment in January, a drop which appeared to belie recent indications of economic weakness. The figures need to be treated with some caution, though - unemployment actually increased by 82,000 in January, and it was only the process of seasonal adjustment that turned this into a fall.

The financial markets are notoriously misanthropic, however, and cannot always be relied on to greet news of fall-

ing unemployment with joy (they worry that it might lead to higher inflation in the medium term). But, in a case, a drop in the number of jobless is good news for the Conservative government, which the markets would like to win the next election.

The markets also took cheer from the findings of the Scott report on the arms to Iraq affair. This failed to produce the "smoking gun" that might provoke immediate ministerial resignations.

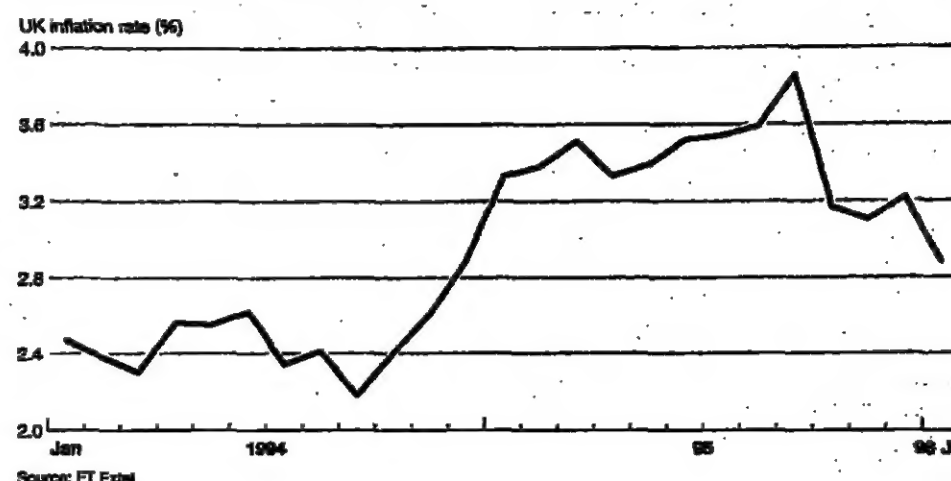
Takeovers aside, the mood of the corporate sector was distinctly mixed. Shell Transport and Trading, the oil giant, produced what one analyst described as "appalling fourth quarter figures", albeit accompanied by a bigger-than-expected dividend; and supermarket group Argus said that margins were under pressure.

But numbers from Reuters and Lloyds TSB were in line with, or better than, forecasts; and the dividend index, this column's indicator of corporate sentiment, went back above 60 per cent for the first time since January 5.

Given that analysts are predicting only modest gains for the overall market this year - 3,800 for December 31 is probably the mean forecast, and that could be reached next week, stock-picking is going to be extremely important.

Just as, during last year, investors were hit if they failed to buy the takeover candidates, this year they could be tripped up by failing to spot the companies which can produce earnings growth despite the slowing economy.

Inflationary fears subside



Highlights of the week

	Price	Change	52 week	52 week	
	YTD	on week	High	Low	
FT-SE 100 Index	3770.9	+54.8	3781.6	2977.0	Interest rate optimism
FT-SE Mid 250 Index	4189.9	+48.0	4199.9	3300.9	Takeover fever
BET	195 1/4	+58 1/4	195 1/4	102 1/2	180p a share bid
Calm Energy	216	+20	225	69 1/2	Bangladesh oil field reports
GEC	372 1/2	+19	377 1/2	281	Broker "buy" notes
Ladbroke	191	+21	193	122	Bid speculation returns
Lloyds Chemists	493	+19	498	184	UniChem improved offer
P & O Delf	546	+21	637	456	Property sale talk
Rentokil	333	-33	388	213	Bid for BET
Reuters	692	+61	704	434	Share buy-back hopes
Scottish TV	715	+102	715	393	Takeover talk
Storehouse	312	+15	349	209	Unsettled city presentation
Superscope VR	625	+180	628	148 1/2	Deal with IBM
Trafalgar House	39 1/4	+7 1/4	67	18 1/4	Recovery hopes
Yorkshire-Tees	1028	+128	1028	365	Granada down raid



Barry Riley

There's profit in stagnation

Companies are making money by growing smaller slowly

Britain might be the Enterprise Centre of Europe, a phrase which the government recites like a mantra, but the economy does not exactly look like a European tiger. True, inflation is down, profits are high and the All-Share Index hit an all-time peak this week. Yet new, fixed investment remains obstinately sluggish.

So, where will we generate all the output growth which is required to finance lower taxes and higher living standards and balance the national budget by 2007?

The frustration was evident in the Bank of England's Quarterly Bulletin and accompanying Inflation Report last Wednesday. There was comment on the general long term decline in investment, which applies throughout the developed economies.

Then there is the particular short-term setback in the UK, where fixed capital formation slipped into year-on-year decline by the third quarter of 1995, with slight growth in plant and machinery being more than offset by the construction industry's slump.

The figures need to be treated with care, however. It is possible that rapid advances in information technology are leading to substantial gains in the productivity of capital investment, so that less will potentially produce much more, a change not picked up

by conventional "volume" figures.

But what the official statistics do show is that investment, as a proportion of GDP, hit a peak of 21 per cent at the end of the 1980s but has now subsided to a more typical 17 per cent or so. This failure of investment to respond to higher output since 1993 is causing the theorists to scratch their heads, especially as the stock market has been extremely buoyant at the same time.

After all, the theory runs that investment decisions are influenced by Tobin's ratio q which, in effect, is the ratio of the stock market value of productive assets to their replacement cost. That is, it measures how the market values the future stream of income from a capital project compared with its cost.

According to Bank calculations, this ratio has hit 1.9, providing healthy incentives to invest and representing a far cry from the dark days between 1975 and 1985 when it languished at around 0.5 and asset strippers roamed the land. So, if entrepreneurs can turn £1 reliably into £1.30, why is there not a surge of investment?

Well, there could be a cultural problem. Most of Britain's natural expansionists went bust years ago, and boardrooms are still dominated by pruners,

slashers and cost efficiency experts. But there is more to it than that.

Foreigners have, in part, filled the capital investment vacuum with the Japanese, for instance, bravely building £20bn worth of car plants, silicon chip factories and consumer goods facilities. But according to the accountants

The failure of investment to respond to higher output is causing some head-scratching

KPMG, in a new report, the resulting profits have ranged from average at best to poor or negative in most cases. We could have told them.

And, as the Bank of England itself admits, its calculation of q represents an overall average rather than a representation of the returns from marginal projects. So, the expansive argument falls down if profit opportunities in the UK are discrete and limited in size rather than part of an economy-wide continuum, of the kind beloved by economists with equilibrium models.

The former is, of course, the case and a perfect example emerged this week with the

annual results from Reuters, one of the UK's leading companies. Reuters is highly profitable and has amassed \$850m in cash. So, will it invest this in expansion, licking its lips at the prospective uplift in value from the impact of the ratio q ?

Alas, no; although spending nearly £200m a year on research and development, it cannot find anything like enough projects to absorb all the cash it is generating and it plans to return much of the money to shareholders.

We can also see this in the mortgage market, where banks and building societies have been enjoying high profit margins in a basically declining business. The existing customer base of passive clients can be milked for the time being. But new business can be won only on loss-leading margins. It is very profitable to contract slowly, but very unprofitable to grow.

Is that Britain's economic problem, summed up? In the long run, of course, stagnation or contraction will not remain very remunerative options, either. Competition will intrude upon the cosy scene. Price wars are breaking out, for instance, in oil and detergents.

A large part of the recent surge in company profitability can be attributed to the transitional benefits of cost reductions arising from the exploitation of information

technology and the use of corporate re-engineering techniques. But managements have not expanded investment programmes greatly because they see no substantial increase in basic demand.

Buoyancy in the stock market, though, implies that investors have few qualms about the durability of the profits boom. Share prices in recent months have raced ahead of the prices of index-linked gilts, the most comparable investment. In fact, the yield gap between them has almost disappeared, normally a danger sign for equities (although it might also mean that linkers, a much smaller market, are cheap).

No doubt equity investors have been encouraged by the 12 per cent growth rate of dividends, and by the thought that pay-outs and share buy-backs will continue to grow strongly as a cash-rich but project-poor corporate sector balances its books.

Finally, it is interesting to speculate how a Labour government would affect the picture. Labour would be anti-dividend and would argue that extra capital spending would generate faster growth. But, on the evidence of the Japanese, it would not generate much profit. In those circumstances, we could rely on index-linkers to outperform.

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*Source: Morning Star in 1995. Newton Income PEPable UK Unit Trust was launched in May 1985. The fund's performance is based on its total return, including dividends and capital gains, over the 10 year period from May 1985 to May 1995. The value of the fund at launch was £1,000. The value of the fund at the end of the 10 year period was £8,111. The fund's performance is based on its total return, including dividends and capital gains, over the 10 year period from May 1985 to May 1995. The fund's performance is based on its total return, including dividends and capital gains, over the 10 year period from May 1985 to May 1995.

Offshore managed funds and UK managed funds are listed in Section One

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